

2-21-2002

Approved For Release 2001/11/01 : CIA-RDP74B00415R000600020010-9

SURVIVOR ANNUITIES

HEARINGS
BEFORE THE
SUBCOMMITTEE ON RETIREMENT, INSURANCE,
AND HEALTH BENEFITS
OF THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
NINETY-FIRST CONGRESS
SECOND SESSION
ON
H.R. 3661 and Related Bills

A BILL TO AMEND CHAPTER 83, TITLE 5, UNITED STATES CODE, TO ELIMINATE THE REDUCTION IN THE ANNUITIES OF EMPLOYEES OR MEMBERS WHO ELECTED REDUCED ANNUITIES IN ORDER TO PROVIDE A SURVIVOR ANNUITY IF PREDECEASED BY THE PERSON NAMED AS SURVIVOR AND PERMIT A RETIRED EMPLOYEE OR MEMBER TO DESIGNATE A NEW SPOUSE AS SURVIVOR IF PREDECEASED BY THE PERSON NAMED AS SURVIVOR AT THE TIME OF RETIREMENT

JUNE 10, AUGUST 4, 1970

Serial No. 91-27

Printed for the use of the Committee on Post Office and Civil Service



U.S. GOVERNMENT PRINTING OFFICE

46-821

WASHINGTON : 1970

Approved For Release 2001/11/01 : CIA-RDP74B00415R000600020010-9

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

THADDEUS J. DULSKI, New York, *Chairman*

DAVID N. HENDERSON, North Carolina, *Vice Chairman*

ARNOLD OLSEN, Montana	ROBERT J. CORBETT, Pennsylvania
MORRIS K. UDALL, Arizona	H. R. GROSS, Iowa
DOMINICK V. DANIELS, New Jersey	GLENN CUNNINGHAM, Nebraska
ROBERT N. C. NIX, Pennsylvania	EDWARD J. DERWINSKI, Illinois
JAMES M. HANLEY, New York	ALBERT W. JOHNSON, Pennsylvania
CHARLES H. WILSON, California	DANIEL E. BUTTON, New York
JEROME R. WALDIE, California	WILLIAM L. SCOTT, Virginia
RICHARD C. WHITE, Texas	JAMES A. McCLURE, Idaho
WILLIAM D. FORD, Michigan	THOMAS J. MESKILL, Connecticut
LEE H. HAMILTON, Indiana	DONALD E. LUKENS, Ohio
FRANK J. BRASCO, New York	LAWRENCE J. HOGAN, Maryland
ROBERT O. TIERNAN, Rhode Island	
GRAHAM PURCELL, Texas	

CHARLES E. JOHNSON, *Chief Counsel and Staff Director*

B. BENTON BRAY, *Associate Staff Director*

JOHN H. MARTINY, *Counsel*

WILLIAM A. IRVINE, *Assistant Staff Director*

THEODORE J. KAZY, *Senior Staff Assistant*

SUBCOMMITTEE ON RETIREMENT, INSURANCE, AND HEALTH BENEFITS

DOMINICK V. DANIELS, New Jersey, *Chairman*

DAVID N. HENDERSON, North Carolina	WILLIAM L. SCOTT, Virginia
JAMES M. HANLEY, New York	DONALD E. LUKENS, Ohio
FRANK J. BRASCO, New York	LAWRENCE J. HOGAN, Maryland
ROBERT N. C. NIX, Pennsylvania	

Ex Officio Voting Members

THADDEUS J. DULSKI, New York ROBERT J. CORBETT, Pennsylvania
(Ralph J. Devlin, Staff Assistant, Room 207, Cannon Building—Ext. 6831)

CONTENTS

	Page
Testimony of—	
Broyhill, Hon. Joel T., a Representative in Congress from the State of Virginia	4
Dorson, C. L., president, Retirement Federation of Civil Service Employees	52
Dulski, Hon. Thaddeus J., a Representative in Congress from the State of New York	2
Ruddock, Andrew E., Director, Bureau of Retirement, Insurance, and Occupational Health, U.S. Civil Service Commission	40
Jaspan, Dan, legislative representative, National Association of Postal Supervisors	56
Sadler, Carl K., legislative representative, American Federation of Government Employees, AFL-CIO, accompanied by James H. Lynch, assistant legislative representative, and Stephen A. Koczak, director of research	21
Walters, Thomas G., president, National Association of Retired Civil Employees, accompanied by Mrs. Gertrude Holt, first vice president Virginia Federation of Chapters, NARCE, and Louis J. Mancuso, president, District of Columbia Federation of Chapters, NARCE	8
Wolkomir, Nathan T., president, National Federation of Federal Employees, accompanied by Benjamin E. Hinden, legislative representative, NFFE	61
Statements submitted by—	
Alfrey, Herbert F., president, National Rural Letter Carriers' Association	71
Broyhill, Hon. Joel T., a Representative in Congress from the State of Virginia	65
Burke, Hon. J. Herbert, a Representative in Congress from the State of Florida	66
Griffiths, Hon. Martha W., a Representative in Congress from the State of Michigan	65
Hill, James D., executive director, National Federation of Professional Organizations	71
McCart, John A., operations director, Government Employees Council, AFL-CIO	72
Nilan, Patrick, legislative director, United Federation of Postal Clerks (AFL-CIO)	68
Rademacher, James H., president, National Association of Letter Carriers, AFL-CIO	69
Schwengel, Hon. Fred, a Representative in Congress from the State of Iowa	66
Communications received from—	
Ferebee Dr. Dorothy B., Chairman, Commission on the Status of Women, government of the District of Columbia	68
Murphy, Lionel V., executive director, Federal Professional Association	74
Ryan, William H., national coordinator, International Association of Machinists and Aerospace Workers	68
Watt, Graham W., Assistant to the Commissioner, District of Columbia, letter dated August 10, 1970	73
Additional material—	
Administration reports received on H.R. 3661, H.R. 5230, H.R. 468, and H.R. 11120 from the Civil Service Commission and the Bureau of the Budget	33-40
Report on H.R. 468, received from the Commissioner of the District of Columbia	73
H.R. 3661, subject of hearing	2

SURVIVOR ANNUITIES

WEDNESDAY, JUNE 10, 1970

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RETIREMENT, INSURANCE,
AND HEALTH BENEFITS OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 210, Cannon House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Mr. DANIELS. The Subcommittee on Retirement, Insurance, and Health Benefits will come to order.

The Subcommittee on Retirement, Insurance, and Health Benefits is meeting this morning to consider H.R. 3661, a bill introduced by the chairman of the full Committee on Post Office and Civil Service, the Honorable Thaddeus J. Dulski, and related bills dealing with certain survivorship provisions of the civil service retirement law.

Originally the joint and survivorship option was included in the retirement law, effective January 1, 1940, and required a full actuarial reduction in the retiree's annuity to provide survivor annuity protection. The option has been amended several times over the past 30 years to progressively decrease the annuity reduction cost to the retiree. Since 1956 the reduction has amounted to relatively little more than a token, and the survivor benefit equals 55 percent of the retiree's rate of annuity.

The provision was initially premised upon contractual principles whereby, in consideration of the retiree's unconditional agreement to accept a reduced annuity for life, the retirement system would undertake to pay his spouse designated at time of retirement a specified benefit in the event she survived him.

That philosophy has consistently precluded the restoration of full annuity to the retiree when the marriage is terminated, and the extension of the survivor protection to the spouse of a subsequent marriage.

It will be the purpose of the subcommittee to evaluate the relative equity of these concepts in the light of changing social attitudes and our society's resolve to provide economic security for the aged.

H.R. 3661 proposes a limited change in the basic philosophy underlying the original joint and survivorship concept in two respects:

(1) It provides for the restoration of the full single life rate of annuity—the rate which would have been payable had a reduced benefit not been elected—to the retiree in the event he is predeceased by the designated spouse.

(2) It further provides that in the event such a retiree remarries he may eventually designate the subsequent spouse to receive a survivor annuity by refunding the amount of annuity previously restored to him.

Without objection, the bill, H.R. 3661, will be inserted in the record at this point.

(The bill follows:

[H.R. 3661, 91st Cong., first sess.]

A BILL To amend chapter 83, title 5, United States Code, to eliminate the reduction in the annuities of employees or Members who elected reduced annuities in order to provide a survivor annuity if predeceased by the person named as survivor and permit a retired employee or Member to designate a new spouse as survivor if predeceased by the person named as survivor at the time of retirement.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8339(i), title 5, United States Code, is amended by adding at the end thereof the following new sentence: "If the designated spouse predeceases the employee or Member making such election the reduction shall be restored to the employee or Member and the annuity of such employee or Member shall be computed without regard to any election made under this subsection: *Provided*, That any such employee or Member may elect to designate a new spouse as survivor when such new spouse has attained the age of sixty and all reductions by reason of prior designations that have been restored to such employee or Member have been repaid to the retirement fund."

SEC. 2. Annuities of those employees or Members as defined in section 8331 of title 5, United States Code, predeceased by a designated spouse after the date of enactment of this Act shall be computed pursuant to the amendment contained in section 1 of this Act and be effective the first day of the month which begins after the date of death of the spouse designated at time of retirement or the first day of the month which begins after a new spouse attains the age of sixty. Annuities of those employees or Members as defined in section 8331 of title 5, United States Code, retired prior to the date of enactment of this Act and predeceased by a designated spouse shall be computed pursuant to the amendment contained in section 1 of this Act and be effective the first day of the third month following the date of enactment of this Act.

SEC. 3. The provisions of section 8348(g), title 5, United States Code, shall not apply with respect to benefits resulting from the enactment of this Act.

Mr. DANIELS. Our first witness this morning is the Honorable Thaddeus J. Dulski, chairman of the full committee.

Mr. Chairman, it is a great pleasure and honor to have you here this morning in support of the bill you have introduced, H.R. 3661.

STATEMENT OF HON. THADDEUS J. DULSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. DULSKI. Thank you very much, Mr. Daniels and my distinguished colleagues of the subcommittee.

I am happy to have with me one of the champions of legislation before this committee over the years I have had the pleasure to serve with him. Although he represents another political faith, his sincerity toward the employees and retirees of civil service is outstanding.

I am happy to have with us the Honorable Joel T. Broyhill.

Mr. Chairman and members of the subcommittee, I deeply appreciate your scheduling hearings on H.R. 3661, a bill which I introduced earlier in the 91st Congress.

I am genuinely grateful for the opportunity extended me to appear before this distinguished subcommittee.

The outstanding record of accomplishments of the subcommittee, under the able leadership of Chairman Dominick V. Daniels, is one to which each and every member of our committee may point with pride.

I strongly recommend your favorable consideration of this very worthwhile legislation. Its purpose is to eliminate the reduction in the annuities of retirees whose designated spouses have predeceased them, and to permit the naming of a spouse under a remarriage for survivor annuity purposes.

The dramatic increase in the proportion of older persons in the population—the economic, social, and political problems growing out of this development—and an emerging public policy of providing for better and more enriching lives in the later years are already so well documented that they require little further treatment at this time.

More Americans are spending more years in retirement periods of uncertain length and needs than ever before. The result is a mounting strain on resources they had when they began their retirement.

For an ever-rising proportion of women—mostly widows—the problem is becoming especially severe. The rising population of widows is attempting to live independently, even at the price of poverty.

Unless action is taken here, the economic difficulties of these unfortunate persons will worsen in the years ahead. The inequities they now face, and the policies that perpetuate them, are of direct concern not only to the Federal retiree but also to the younger active employee.

I am well aware that no single proposal will have a major impact unless tied to broad policy decisions. Nevertheless, I urge the subcommittee to give sympathetic consideration to the merits of H.R. 3661, and to the equities of the retirees and survivors it will help.

In order to not unduly delay this morning's proceedings, I have purposely limited the length of my remarks.

I recognize the expertise of this distinguished subcommittee and the ability of the scheduled witnesses to deal effectively with the detailed provisions of this proposal.

Mr. Daniels and Mr. Hanley, I am very happy to endorse H.R. 3661. Knowing the work you have done on your subcommittee, which has been of great service, I want to assure you that every man and woman involved will ever be grateful for your consideration when it acts upon the bill.

Thank you.

Mr. DANIELS. Thank you, Chairman Dulski. I want to compliment you for the brief but very pointed statement on the legislation in question. I know of your great interest over the years in legislation which affects the welfare and health of our retirees and compliment you on your continued interest.

I have no questions.

Mr. Hanley, do you have questions?

Mr. HANLEY. I, too, want to commend you on your fine statement and upon your persistent efforts in behalf of the retiree. I commend you heartily.

Mr. DANIELS. We are pleased to have this morning with us our next witness, a gentleman who formerly served on this committee, who has done a yeoman job in connection with legislation that comes before this committee, and is doing a splendid job in representing the great State of Virginia.

I am pleased to welcome the Honorable Joel T. Broyhill.

**STATEMENT OF HON. JOEL T. BROYHILL, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF VIRGINIA**

Mr. BROYHILL. Thank you, Mr. Chairman.

I certainly appreciate the kind remarks you have made and I am particularly thankful for the very fine statement that was made by my dear friend, the chairman of the full committee, Mr. Dulski.

Mr. Dulski said we were not of the same political faith, but we are certainly of the same philosophy and belief insofar as the welfare of the Federal employees and retired civil service personnel.

Mr. DANIELS. I can attest to that because of the way you vote on legislation. You usually vote with us.

Mr. BROYHILL. I can say I have an open mind, with some prejudice, because I represent a large segment of Federal employees.

I appreciate the courtesy the chairman has extended to permit me to testify briefly this morning. I know you have a full schedule of witnesses and I don't want to impose upon the committee or usurp the time that is allotted to other witnesses.

I understand one of your first witnesses will be Mr. Tom Walters, the president of the National Association of Retired Civil Employees, and I don't know of anyone who has had more experience and is more qualified to testify on this subject. I read his statement, and I am going to associate myself with his remarks as well as the remarks by the distinguished chairman of the full committee.

Mr. DANIELS. I am sure that Mr. Walters and the other witnesses who are scheduled to testify here this morning are happy that both the distinguished chairman and yourself are here giving your support and the weight of your office to the legislation we are considering.

Mr. BROYHILL. Thank you, Mr. Chairman.

I have introduced a companion bill to the bill introduced by Mr. Dulski, and there is no question but what this is an inequity that must be corrected.

I might add, Mr. Chairman, that I know it is easy for any of us or all of us to support liberalized legislation that will improve benefits for our employees and our retirees and not particularly worry what we should do regarding the responsibility for payment.

I realize whatever this committee does on this legislation or any other retirement legislation you have to consider the problem of the actuarial soundness of the fund. You have the problem of Federal payment to the fund and the deduction from the payroll.

Mr. Chairman, we have that same problem on the Ways and Means Committee regarding social security, and I know that every member of this committee receives constant letters asking for increases in payments and liberalization so far as the survivors are concerned and maybe the amount of money that they can earn outside of social security.

Every time we consider those benefits we have to consider the payroll tax, the moneys to keep the fund sound. Whatever I am suggesting here this morning, Mr. Chairman, is not unmindful of the problem the committee has in paying for whatever increase the committee approves.

I feel, Mr. Chairman, that in the long run Congress is going to have to do something, let us say, to relieve the annuitant from what I call

a game of Russian roulette, of having to make a choice of taking a reduction in his annuity in order to provide these benefits for his spouse.

At retirement, the annuitant is at the low ebb of his income and it is very difficult for him to make a decision of a substantial reduction in his annuity when his income is being reduced, and he has a tendency to gamble on whether he will outlive his spouse or not.

If he fails in that gamble, we have the problem of it being suffered by those who can least afford the loss of the annuity. The high income annuitant or those with other benefits does not have the problem of gambling on a reduced annuity like those on a limited annuity. If he guesses wrong and dies before his spouse, the spouse could very easily become a responsibility of the community or the Federal Government in its welfare program and other assistance.

I am hoping eventually this committee can find some way of eliminating the problem of having to make that choice—the same as we have on social security. They have an option under social security in which his spouse is automatically entitled to annuity, and his spouse can obtain the annuity if he remarries.

Incidentally, under the social security bill that just passed the House, the annuity of the spouse at 65 years of age is now 100 percent of that which would have been received by the social security annuitant himself, upon his death.

If I may take 1 more minute here, I don't want the committee to delay its action on H.R. 3661 because I know of your other retirement matters before the committee which I hope you will be able to get to. If these proposals are not considered too controversial, you might give consideration to them in consideration of this bill, possibly through an amendment on the floor.

I am referring now to my bill, H.R. 11120 which is pending before this committee, which has passed the Senate twice before but failed action in the House maybe because of a legislative logjam. This bill would provide for the reemployed annuitant that retires and is called back to service, those who are over 70 years of age whose retirement was compulsory and who was called back to service at the interest of the Government.

As far as H.R. 11120 is concerned, it was introduced having one case in mind, but, of course, it would be applicable to similar cases.

In this case an individual, an inventor, retired under compulsory retirement at age of 70 and was subsequently called back at the interest of the Federal Government. He is now 78 years of age and has worked almost 5 years, but his survivor is not permitted to receive the annuity or increased annuity based on that increased work he has performed.

Mr. DANIELS. If the gentleman will yield at that point, I recall you bringing that matter to the attention of this committee a couple of years ago. We did bring the matter to the floor of the House but because of technicalities the legislation was not approved.

I am wholeheartedly in sympathy with the bill you have.

Mr. BROTHILL. I understand the Civil Service Commission opposed certain parts of the bill, as introduced, and I see no objection to the perfecting amendments in order to have it meet with their approval.

Mr. DANIELS. I can assure you so far as I am concerned, I support the bill, as amended, and I am going to urge my colleagues to do likewise.

Mr. BROTHILL. Thank you.

The other one I have in mind, I realize, of course, whenever we make any improvement or change in our civil service structure and set a certain particular date of enactment there is always a marginal case where the fellow just didn't quite get over that line, and we have inequities that are created not intentionally, but they are there and we can't correct all of the inequities.

I have one particular type of problem I would like to suggest to the committee for consideration. That is a person who was retired mandatory between the time of the passage of the pay bill last year, which is July 16, and the liberalization of the retirement bill which was October 20.

In this case the law would have to be amended to provide, if he had enough sick leave accumulated to carry him over to October 20, to permit him to use such leave to add to his service to bring him under the benefits of the new retirement bill.

I don't want to belabor this point this morning. I am going to submit a statement for the record and am going to discuss it further with the staff.

Hopefully you will get a report on the legislation and see what the committee can do to take it under consideration.

Mr. DANIELS. With reference to the first part of your testimony about the retiree entering into a gamble as to whether or not his spouse will survive, if you had a choice between restoration of the full annuity or giving the retiree an option of designating a second spouse, what would your preference be in the event we could not adopt both?

Mr. BROTHILL. The provision of having the annuity increased versus the second spouse?

Mr. DANIELS. I will give you a specific example.

"A" is married to "B." "A" is the retiree. He designates upon retirement his wife, "B," for survivor benefits. However, wife "B" predeceases him.

This legislation proposes that the full annuity be restored. Subsequently "A" marries "X," and this legislation proposes that he again be authorized to take a reduced annuity. So you have two propositions there.

As to priority, which one would you prefer in the event we cannot do both?

Mr. BROTHILL. That is like being between the rock and a hard place. I certainly appreciate the fact you are going to have a financial problem here.

In a choice between the two, I think the more humane aspect would be to provide for that second survivor.

I know the committee has many cases, but I have a more recent one of a person who retired and divorced his wife, "B" in this case, and marries wife "X," and he has a reduced annuity and can't provide a survivor benefit for wife "B" who is divorced or for wife "X" who he remarries.

Mr. DANIELS. I know one of the witnesses is going to get involved in that because I read his testimony at 2 o'clock this morning.

Do you think the divorced wife should also be entitled to an annuity as well as the second wife?

Mr. BROYHILL. No. I am not saying the divorced wife should be entitled to it, but one or the other should be entitled to the annuity.

In the particular case I was giving you the husband wanted to provide the annuity for the divorced wife and it was not permitted under existing law and he knew the second wife was not entitled to the annuity.

I don't know whether the annuitant can make the choice or not, but one or the other ought to have it.

Mr. DANIELS. What do you recommend? You have to help this committee.

Mr. BROYHILL. As I said before, the committee has this financial problem. We can't be indifferent about it. I don't know how much the program is going to cost. It may require additional payroll deduction, but I think the employees would be willing to make whatever additional payroll deduction is necessary in order to improve the survivor program and make it better than what it is at the moment.

I am suggesting it be somewhat similar to social security. That means he doesn't have the reduction to start with, but I know you can't do it at the moment, and the second wife would be provided with the annuity.

Mr. DANIELS. Getting back to my original question, you would give preference to providing the annuity for a second spouse?

Mr. BROYHILL. For the second spouse; yes.

Mr. DANIELS. Rather than restoring the annuity to the recipient?

Mr. BROYHILL. If there is a choice between the two, Mr. Chairman; yes.

Mr. DANIELS. Taking the example you propose where his spouse divorces or he divorces his spouse—I don't think it makes any difference who gets the divorce—he then remarries. Do you think in that case that provision ought to be made for his second wife to receive the annuity?

Mr. BROYHILL. I do on the same basis as if the spouse dies. I certainly do, Mr. Chairman. I don't think that is the sort of choice which one wants to make, which one would have the annuity.

Mr. DANIELS. I have no further questions.

The gentleman from New York, Mr. Hanley.

Mr. HANLEY. Thank you, Mr. Chairman.

Mr. Broyle, after having wrestled with the \$64 question tossed at you by the chairman, I don't propose any further questions, but I want to commend you for your presence here this morning which further evidences your continuing interest in the plight of the retiree.

I have observed your record through the years, and it certainly is one that reflects your compassion and consideration for their plight, for which I commend you and again thank you for your appearance this morning.

Mr. DANIELS. I recognize the gentleman from New York, Mr. Brasco.

Mr. BRASCO. Like my colleague Mr. Hanley, I certainly want to commend the gentleman for his participation here this morning. I am inclined to agree with all of the statements that were made in terms of attempting to clear up the problem.

The one thing, though, that I didn't get in the last colloquy was if the employee is married and then divorces his wife or is involved in legal action which leads to a divorce, at this stage of the game the divorced partner still remains the beneficiary?

Mr. BROYHILL. No.

Mr. BRASCO. What happens?

Mr. BROYHILL. He figures to have his annuity reduced. The divorced wife does not receive the survivor's benefit or would not in case of death, nor would the new wife.

Mr. DANIELS. If I may interject on that particular point, under existing law, if the wife dies or if there is a divorce, the annuity can't be accrued to anyone else.

Mr. BRASCO. Now I understand that. Did I understand that you didn't make a recommendation in connection with that except to say that someone should get it? You didn't want to choose how it should be done.

Mr. BROYHILL. I would think in this particular case—it was not a hypothetical case, it was an actual case—the husband wanted to have the annuity assigned to his divorced wife in the event of his death, and, of course, under the law the Civil Service Commission could not OK that. That is the particular case I am referring to.

I would imagine if this were taken care of by statute it would have to go to the surviving spouse at the time of his death. The purpose of the legislation is to hope we can take care of that problem by providing for the second spouse.

Mr. BRASCO. Thank you.

Mr. DANIELS. Are there further questions?

Again, gentlemen, I want to thank both of you.

Mr. BROYHILL. Thank you.

Mr. DANIELS. Our next witness is Mr. Thomas G. Walters, president of the National Association of Retired Civil Employees.

STATEMENT OF THOMAS G. WALTERS, PRESIDENT, NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES; ACCOMPANIED BY MRS. GERTRUDE HOLT, FIRST VICE PRESIDENT, VIRGINIA FEDERATION OF CHAPTERS, NARCE; AND LOUIS J. MANCUSO, PRESIDENT, DISTRICT OF COLUMBIA FEDERATION OF CHAPTERS, NARCE

Mr. WALTERS. Mr. Chairman, with your permission, I have with me Mrs. Gertrude Holt, first vice president of the Virginia federation and Louis J. Mancuso, who is the president of the federation of the District of Columbia.

Mr. DANIELS. I do wish to take this opportunity to announce to the people gathered in this room this morning that you are one of the strongest advocates, if not the foremost, in support of the legislation before us.

In fact, you have been persistently lobbying me, if I may use that word, for the past year or so for this committee to schedule hearings on the legislation, and your lobbying activities have succeeded in bringing about this hearing.

Personally, I am happy over the fact that you have because I feel that there are certain inequities that exist under the law and that these inequities should be corrected, and I am hopeful that these hearings

might be concluded early enough in this session of Congress so that action may be taken on the legislation in both bodies and sent to the President for his signature.

Mr. WALTERS. Thank you very, very much, Mr. Chairman, for those remarks.

I repeat what I have said in many meetings around the country—I hope this bill can become law because it gives the survivors the opportunity to have more money to where they can buy perfume instead of liniment, and I would rather smell that anytime.

With your support and the support of the members of this committee, I think we can make some headway on this.

I would certainly be remiss if I didn't express not only my personal thanks but the thanks of the organization that I represent, to Chairman Dulski and Congressman Broyhill for coming before this committee this morning. We appreciate that greatly.

I might add that these people, especially in this section, are mostly from Virginia, a few from the District. I noticed one from Mississippi. We are delighted to have them here showing their interest.

With that, I will read my short statement with your permission.

Mr. DANIELS. You may proceed.

Mr. WALTERS. Mr. Chairman and members of the subcommittee, by way of introduction, I am Thomas G. Walters, president of the National Association of Retired Civil Employees. Our organization was founded February 19, 1921, and has been in continuous operation since that date. We are located at 1909 Q Street NW., Washington, D.C. As of June 1, 1970, we had 139,870 members, a net gain of over 6,000 members in 1 year. We have more than 1,100 chapters throughout the United States, Puerto Rico, the Canal Zone, and the Philippines. Our membership is composed exclusively of persons retired from the Federal Government and their survivors. We are the only national retirement organization that restricts its membership to former Federal employees and their survivors.

On behalf of the membership of the National Association of Retired Civil Employees, I am happy to express our thanks and appreciation to the Honorable Thaddeus J. Dulski, chairman, House Committee on Post Office and Civil Service, for the introduction of H.R. 3661 and to you, Mr. Chairman, for giving me the opportunity to appear before this subcommittee on behalf of this legislation. We appreciate this committee's deep interest in the men and women who devoted their working years to the Federal Government and we are grateful for all the good things which have come our way in the past.

We acknowledge and thank all Members of the House of Representatives who have introduced legislation similar to H.R. 3661. Their introduction, we feel, gives direct endorsement for the elimination of the antiquated laws which the retirees are required to live under and comply with.

H.R. 3661 is a very short bill—33 lines—but it has for its purpose the elimination of some very unjust provisions of the law, which was enacted many years ago and which simply do not fit into our present-day society. I am delighted that this subcommittee has decided to review this law and see if some of these inequities cannot be eliminated.

At present an employee of the Federal Government is given an opportunity when he retires to elect a survivor, but he must take a reduction in his annuity in order to make this election. Today the

reduction is 2½ percent of the first \$3,600 annuity, and 10 percent for all annuity above that amount. This reduction formula has been liberalized several times over the years, but there are retirees living today, who at the time of their retirement were compelled to take as much as a 25-percent reduction in their annuity, which was based on a small salary, in order to provide for a survivor. We have thousands of annuitants, who since their retirement, have lost their designated survivors, but who under present law must continue to pay this penalty of a reduced annuity and can never designate a new survivor. These people are paying a price for something from which they or their family will never benefit.

At the many meetings and conventions I attend as president of NARCE there is invariably discussion of the provisions of H.R. 3661 and similar bills. Many second spouses come to me, almost with tears in their eyes, saying they understood they would be entitled to a survivor's annuity as the first spouse was, especially since the deductions were still being made from the annuitant's check. Many of these annuitants who remarry, marry someone in their own community, and the new spouse, knowing there is a survivor benefit, naturally assumes that it will carry over to her as the new survivor. A good case of illustration of the inequity of this provision is two married men in Tucson, Ariz., both of them retired postal supervisors. Several years after the men's retirement, Mr. A and Mrs. B passed away, and several years later the remaining spouses, Mrs. A and Mr. B were married. Due to their marriage, Mrs. A lost her survivor's annuity as the remarriage occurred before July 18, 1966; and she is not eligible to be designated as Mr. B's survivor annuitant. In other words, in two cases survivor benefits were deducted from retirees' annuities and no survivor benefits are being derived.

I am certain, Mr. Chairman and members of this subcommittee, that you would be greatly surprised at the number of people who do not believe such an antiquated law exists. In fact there are retirees who state we must be wrong as this type of provision cannot be the law of the land. I have had Members of Congress tell me and my administrative staff that we must be wrong in our interpretation, as such a provision would be illegal. I believe that this legislation if presented to the House of Representatives and the Senate will be approved by a large majority.

Mr. Chairman, the National Association of Retired Civil Employees strongly endorses the provisions of H.R. 3661 to provide for the restoration of full annuity or allow for the naming of the second spouse as survivor annuitant when the retiree has been predeceased by the originally designated survivor. Our correspondence urging the enactment of such legislation is voluminous.

We would like to recommend, however, that H.R. 3661 be amended to provide the following: Allow for the naming of a dependent relative such as parent, child, brother or sister, when the originally named survivor predeceases the annuitant; allow annuitants not married at the time of retirement, but married since that time, to pay past premiums into the fund and designate the present spouse; allow second spouses, now widowed, of annuitants who paid the reduction until their death to collect the survivor annuity from this

reduction, as of date of enactment; and allow annuitants divorced from designated survivor since retirement, to name a second spouse or have full annuity restored.

There is a small group of annuitants who retired many years ago when salaries were small and the retirement computation much less liberal than it is today, who felt they could simply not live on a reduced annuity and therefore did not elect a survivor benefit, but whom we feel should now be given the opportunity to make this selection if they so desire. They would, of course, be responsible for making a contribution for this benefit.

There are also a few annuitants who were forced to retire on disability or involuntarily retired by a reduction in force who were not married at the time of retirement, but did marry later on. We should like to see these people granted the opportunity to elect a survivor benefit.

Mr. Chairman and members of this subcommittee, only a small percentage of annuitants and survivors would be affected by these proposed amendments, and I do not feel the cost involved would be great enough to prove a major factor.

Mr. Chairman, at this time we should like to ask this subcommittee to consider amending section 205 of Public Law 91-93, the section which provides for the continuance of a survivor's annuity upon remarriage if the survivor's remarriage occurred on or after July 18, 1966, and after attaining age 60. We feel very strongly that the 60 year age limit and the July 18, 1966, date should be eliminated from section 205. Survivor annuitants remarried before July 18, 1966, and before attaining age 60 cannot understand why they are being discriminated against in this provision, and there seems to be no feasible explanation for the discrimination. We, therefore, request this subcommittee to consider the elimination of these two discriminating factors in section 205 of Public Law 91-93.

In closing, Mr. Chairman, I reemphasize NARCE's strong desire and support for this long-overdue legislation, and again express my thanks and appreciation for these hearings being scheduled, as I know that the members and staff of this subcommittee have been extremely busy with the health benefits bill and other legislation. I am certain that whatever you recommend on H.R. 3661 will be approved by the full Committee on Post Office and Civil Service and by the House of Representatives.

I shall be happy to answer any questions you might have, but I would like to leave with this thought—that from a humane and social point of view this bill, H.R. 3661, is a most important piece of legislation, and I trust it will be given full consideration as soon as possible.

Thank you, Mr. Chairman.

Mr. DANIELS. Mr. Walters, I want to commend you for a very brief, succinct statement analyzing the legislation in question and also for your recommendations in other areas.

I have prepared a number of questions upon which I would like to have your views.

Mr. WALTERS. Yes, sir.

Mr. DANIELS. Mr. Walters, while your statement describes situations where you feel some inequities exist, you do agree, don't you, with my earlier observation that the survivor option was enacted and has always operated on contractual principles?

Mr. WALTERS. Yes; I agree with that, just like I would agree that up until a few years ago there was a strong feeling in Congress that annuities shouldn't be increased because they have had a contractual settlement.

But we broke that down as we moved into a new day of society. I certainly agree with you on your statement.

Mr. DANIELS. Do you feel this policy is a reasonable one?

Mr. WALTERS. Yes—well at the date it was enacted I would have to suppose it was a reasonable one at that time, but I don't think it is reasonable now under present day's conditions and present day's society and the way we are accustomed to living.

Mr. DANIELS. In attempting to establish an order of precedent of treatment to the various circumstances of these retirees, is it your opinion that the priority position should be accorded the retiree who did, in fact, elect a reduction in annuity, whose spouse has predeceased him, who continues to receive a reduced benefit—even though he has remarried—and who is precluded from providing survivor protection to his subsequent spouse?

Would you agree this is the classic example having the greatest degree of merit?

Mr. WALTERS. This is the classic example. Do you mean from that question do I feel that restoring reduced annuity is more important to society than naming the second spouse?

Mr. DANIELS. Just the reverse.

Mr. WALTERS. I would have to agree with Congressman Broyhill if I had to make a decision; I would have to, in my opinion, think that the spouse should be given first consideration.

Mr. DANIELS. In providing for both the restoration of the full rate of annuity to the retiree and the extension of survivor protection to one or more subsequent spouses, would that not be tantamount to adding a unilateral escape clause, whereby the retiree would be permitted to withdraw from the agreement when it ran adversely, but with the retirement system being bound to full compliance?

Mr. WALTERS. Maybe I am missing the point, but I don't see where that would be a scapegoat.

Mr. DANIELS. I said escape clause, not scapegoat.

Mr. WALTERS. You mean to where he wouldn't pay the second spouse.

Mr. DANIELS. Let me put the question a different way.

Should we let the retiree out of his part of the agreement, restore the retiree's annuity, and then subsequently take care of all spouses?

Mr. WALTERS. If you can find the money, that would be the liberal thing to do and be the better thing to do, but I still feel if you have to give some priority somewhere that we ought to lean it in the way of the second spouse because I think a great number of second spouses very sincerely believe that the privilege of naming a survivor would just be carried over in case of her husband's death.

I would like to see the whole provision of this bill if we can get it, but if we have to pick out some of the better portions, I would have to say that if we have to leave off somebody, leave off the fellow that is paying reduced annuity and who is a widower rather than leave off the naming of the second spouse.

Mr. DANIELS. Wouldn't that gentleman be getting the best of the bargain in view of his contractual obligation? You restore his full annuity, and subsequently he remarries and provides for his second spouse.

Mr. WALTERS. Of course, if that was restored it would be my thinking, trying to look at it from the broad side, if he remarried he would then have to take a reduction in order to name that second spouse.

Mr. DANIELS. Let us assume the further situation that this retiree was both hale and hearty, physically fit, he not only remarried the second time but perhaps the third and fourth time.

Mr. WALTERS. We have had letters on that.

Mr. DANIELS. Assuming these spouses died from a natural death would you continue this benefit from the second to the third and the fourth?

Mr. WALTERS. I would like to see it go to the spouse that put him in the ground, whether it is the third or fourth or fifth one, provided, of course, as you said earlier, it was a normal death.

Mr. DANIELS. We have to have a little levity in the proceedings.

Mr. Walters, would you agree that an argument for both benefits might be more compelling if the reduction factors were based upon full actuarial considerations?

Mr. WALTERS. I hate to say yes to that because it is costly, but to try to be honest, I would have to say yes. That would open another can of worms we would just as soon not have opened up.

Mr. DANIELS. Without questioning your sincerity, Mr. Walters, I would like the benefit of your organization's position on a very hard issue. If you were in the position to arrive at a compromise of mutual interest to both the Government and retiree, where would your preference lie?

Would you require the continued reduction in annuity but extending the survival protection to a subsequent spouse; or would you restore the annuity to the single life rate and denying survivor benefits to a later spouse?

Mr. WALTERS. I learned a long time ago you never win an argument with the fair sex. But honestly and from the standpoint of our society, I would have to go with naming the second spouse.

Mr. DANIELS. The idea of allowing the retiree to name a later spouse as substitute survivor has always raised the question of the scope of the Government's responsibility as an employer.

What justification can be offered, beyond that presented in your statement, which you feel might warrant an employer policy of providing costly survivor benefits to a spouse acquired after the termination of the employer-employee relationship?

Mr. WALTERS. I think, Mr. Chairman, we would have to all agree in the last quarter of a century our society and our thinking has all changed. There are many things that we support today that our parents or grandparents would have supported under no circumstances.

We had a Chairman of the U.S. Civil Service Commission at one time who was also chairman of the Civil Service Committee in this Congress and others in those days that felt that whatever you retired on at that time should never be increased because the Government was keeping their contract.

That has been broken down and the people who thought that way don't think that way now. I would have to say under our present day society I can't see a thing in the world out of line to provide for the second spouses even though the Government is fulfilling everything they promised when they retired.

I am persuaded to believe that the public will support that approach and from the Members of Congress that I have talked to, I am sure most of them will. In fact, we have had some freshmen Members of Congress to tell us that the way this is proceeding now was just simply unconstitutional.

They said it just couldn't be that way. But that is the law of the land. I think the public will support you in liberalizing it; yes.

Mr. DANIELS. Mr. Walters, if it were agreed that an inequity presently exists with respect to the retiree who is predeceased by his spouse, what relative degree of inequity, if any, exists with respect to a marriage that is terminated by divorce?

Mr. WALTERS. I am getting in a lot of hot spots here.

Mr. DANIELS. I have some more.

Mr. WALTERS. I don't mind them. I think when you go into court and settle a divorce then perhaps it should mean just what the law says—that you are no longer attached to one another. That may be a cold way of putting it, but that particular party, man or woman, who would be named the beneficiary, would have lost their right to this in the courts and that if the other party remarried then I think his obligation or her obligation is to the new spouse.

Mr. DANIELS. You get into a very involved situation under those circumstances.

Mr. WALTERS. I agree with that. But we have recommended that this bill be amended to make it possible for those annuitants who have a legal constituted divorce to be eligible to name their second spouse as their beneficiary.

That, of course, would say in substance that we were not recommending that the divorced spouse receive an annuity.

If we can be like Congressman Broyhill and we could have both, I would go for the divorced spouse getting it and the second spouse, too, but I know that is out of the question. At least I feel it is.

Mr. DANIELS. In your opinion should the retiree be at liberty to designate a substitute spouse when it suits his own fancy, or do you think it advisable that he be required to do so within a prescribed time limit?

Mr. WALTERS. I think there would have to be some ground rules laid down by this committee to put this into operation. I do not think that we ought to say unless he remarries within the next 3 years, he would never be eligible to name that second spouse. I think just to get rid of one spouse and marry another for the sake of making changes, there ought to be some restrictions put on it, I guess. Just like I don't feel we ought to have the 1966 provision in the law, that if you remarried since July 1966, the survivor can have the money and keep the old man, too. In this case the ones that remarried just before that date just simply cannot understand why.

So I do not think we should have too rigid regulations on it, but there will have to be some ground rules set up.

Mr. DANIELS. I believe you are familiar with existing law with respect to an active worker who dies and leaves his annuity in favor of his wife. I believe existing law provides that he must be married for a period of at least 2 years prior to his death.

Mr. WALTERS. I would be perfectly willing to see some restriction of 2 years or a year and a half or some such figure put in there. Just as if we remove the 60-year clause and the remarriage since 1966, I think we ought to have some type of restriction in there. Maybe 2 years would be the right figure. In other words, that they be married 2 years.

Somebody said be married 2 years unless there were children born in the family. I said there was not much danger of that in our group of people. But the 2-year clause, I think, Mr. Chairman, or something like that, would have to be put in there.

Mr. DANIELS. There is no such restriction when he retires as to the length of time that the retiree should be married to his wife.

Mr. WALTERS. You mean when he first retires?

Mr. DANIELS. Yes.

Mr. WALTERS. That is right.

Mr. DANIELS. You are not advocating that we impose a restriction whereby he must have been married at least 2 years prior to retirement?

Mr. WALTERS. Not on that portion of it, because it is presumed in most cases he is living with the spouse that he has been with for some time. I would not suggest we bother that.

Mr. DANIELS. You might so recommend as to a second spouse or any subsequent spouse.

Mr. WALTERS. I would recommend it. I feel we should have some restriction. We don't want these young girls running after us old men and grabbing us just before our grave and be on the road for the next 75 years like they did in some of the wars. I know some of these things I am saying are not going to be popular but they are my honest opinion.

Mr. DANIELS. I want to compliment you for your honesty and frankness in giving these responses, because this gives greater credence to your testimony, Mr. Walters.

Mr. WALTERS. I am perfectly willing to lay it on the line.

Mr. DANIELS. If this legislation were adopted substantially as introduced, whereby the retiree would be eligible to designate a subsequent spouse on the condition that he refund the amount of annuity restored to him from his previous spouse's death, or divorce, as the case may be, couldn't you conceive of a situation where the retiree's financial resources would be such that he could not come up with the amount due?

Mr. WALTERS. That is possible. But the Commission has always been very lenient. They would let him pay \$10 a month for the rest of his life, I guess, or some such amount to pay that back. If we have to do some of those things to get this bill, I would say do it. I think this bill is so important that we can take a little of the things that may not be too complimentary or whatever you want to determine it. It is just like Joel Broyhill said:

We have to look at the whole picture of this thing, and we have to look at how much it is going to cost and so on. In order to get these good things, I would take a few bad things.

Mr. DANIELS. Mr. Walters, your recommendation that the survivorship protection be extended beyond that proposed in H.R. 3661, that is, to persons other than subsequent spouses, while raising serious reservations in my mind, give rise to this question: How do you deal equitably with the unmarried retiring employee who elected a survivor benefit for a person having an insurable interest, where the potential survivor predeceases the retiree?

Mr. WALTERS. What group of people are you having reference to there?

Mr. DANIELS. The unmarried.

Mr. WALTERS. Unmarried when they retire?

Mr. DANIELS. Yes. He names a person with an insurable interest. He might name his fiancee.

Mr. WALTERS. I think if that person dies or passes on, that he or she ought to have a right to name someone else. That is the reason I put in there about the sister or mother. We get a lot of mail where maybe the lady was the annuitant and her husband passed on and she is now having to take care of her sister or mother or somebody financially. I think she ought to have the privilege of naming that person as beneficiary, whether it is man or woman.

Mr. DANIELS. Suppose that unmarried individual, after having named that person with an insurable interest, subsequently marries. What do we do in that event?

Mr. WALTERS. I would think it ought to be so worded—

Mr. DANIELS. Let us take a specific example so we can all visualize it.

A is unmarried. He has a sister who is handicapped and is dependent upon him for support. He designates her as his survivor-annuitant. Subsequently, and while his sister is still alive, he marries. What do you propose in such a situation? Should he have the right to change?

Mr. WALTERS. I think we as a nation look upon the first obligation to any man or woman as to their spouse, because somewhere in the Scriptures it says you leave your home and take onto yourself a bride, or something. I would be constrained to say that there ought to be some provision to either split this survivor annuity, or reduce what he is paying to his sister, or what would be paid to her in case of his death and provide something for his wife. He would just have to do that, I think.

Mr. DANIELS. When he takes the reduced annuity because he is naming his sister, the reduced annuity depends upon how young or old his sister may be.

Mr. WALTERS. That is right.

Mr. DANIELS. The younger she is, the more of a reduction he takes.

Mr. WALTERS. That is right.

Mr. DANIELS. Suppose his wife is older. She may be many years older—10 or 15—or she may be younger than the person with an insurable interest.

Mr. WALTERS. I think the reduction after he marries, if his wife is going to be named the beneficiary, his reduction ought to be recomputed up or down to fit the category of naming this wife as his beneficiary. If she is younger, he might have to increase his deduction. If she is older, he would not.

Mr. DANIELS. You would then give that single retiree the option of changing the beneficiary upon marriage after retirement?

Mr. WALTERS. If I had to make that choice, I would. If they had a choice, they could keep on leaving the beneficiary as the dependent sister. I would be constrained to go with the wife.

I realize you fellows are going to have to make those hard, hair-splitting decisions, but whatever you do, we will support you.

Mr. DANIELS. By you also proposing that the legislation be expanded to permit a single retiree to designate a subsequent spouse, you do advocate him paying to the retirement fund the amount that would have been deducted from the date of retirement had he otherwise been married?

Mr. WALTERS. The Civil Service Commission might think that the cost of recomputing these things was greater than the amount of money they would receive. I would see nothing wrong in having to recompute it if they got enough buttons on these machines to do it without too much expense. You are going to have to take some of the bitter if you get a lot of ice cream and sweets.

Mr. DANIELS. As introduced, the bill confers only upon the retiree the opportunity to designate a subsequent spouse. Do I understand correctly that one of your recommendations is that a retiree who is already deceased be deemed to have designated his subsequent spouse to receive a survivor annuity?

Mr. WALTERS. Yes. That would keep many of them off the welfare programs and things of that nature.

Mr. DANIELS. In suggesting that some retirees should now be given the opportunity to elect a survivor, where they may have declined to do so at retirement, how would you determine which ones declined to do so because of economic reasons as opposed to those who for other possible reasons failed to furnish survivor protection?

Mr. WALTERS. I realize that would be difficult, but the Commission could send out a questionnaire, and that might be contrary to invasion of privacy, and ask why they did not elect to name a beneficiary. I have a sister who is in this category. Her husband just swears up and down, and I have no reason to doubt him, that he thought he was checking to provide a survivorship for my sister, but he checked the other one. If he should go first, she would not get a nickel. There are honest errors, whether this one is honest or not, I am telling you what my brother-in-law said, and I do not doubt him because he has been a fairly good provider. He swears up and down that he meant to check the one that named her. We have had letters and affidavits from other people saying the same thing.

Of course, the law is there and there is no way to change it.

Mr. DANIELS. Would you think that a retiree who felt he could not afford a reduced annuity upon retirement many years ago is in any better financial position today to do so, particularly if, as you suggest, he would be required to make a retroactive contribution?

Mr. WALTERS. He may not be any better off financially to do it, but he is nearer the end of the road, and it is preying on his or her mind a lot more than it was back there. I may drop off at my age tomorrow and she would not have anything to live on. I think they would make a greater sacrifice today than they would have made 15

or 20 years ago when they retired and were both hale and hearty. The nearer you reach the end of the road, you begin to have some different thoughts and different ideas than we had when we were young and full of vim, vigor, and everything else.

Mr. DANIELS. Do you believe he would have the money to pay into the fund, particularly after many years of living on reduced income?

Mr. WALTERS. They would find a way to get it, I think, most of them. Some of them, I realize, have difficulty. I met a couple down in Texas who are living on \$108 a month and both are in their nineties.

They would have to squeeze that turnip awfully hard to get a little blood out of it. If he should die, his wife would not get a nickel.

What is worrying him now mostly is that she would have to go on county welfare or something if he dies.

Mr. DANIELS. As introduced, H.R. 3661 purports to allow the retiree to designate a subsequent spouse upon her attainment of age 60. To your mind what is the significance of that particular age?

Mr. WALTERS. I would like to have that 60 eliminated. Actually, I do not know why it was put in there. I would like to see the 60 eliminated and put in some kind of protective clause of 2-year marriage something. I would certainly support elimination of the 60 because none of them are going to admit they are 60 anyway.

Mr. DANIELS. Would you recommend any age limitation?

Mr. WALTERS. No, sir.

Mr. DANIELS. How about the graveyard marriages that you made reference to earlier in your testimony?

Mr. WALTERS. What I meant to say there is this——

Mr. DANIELS. If you have one of these cute chicks looking around and saying, "he is ready to kick the bucket and I may have to marry him because he won't last long"——

Mr. WALTERS. She will have to put up with him for 2 years.

Mr. DANIELS. And that would be adequate consideration.

Mr. WALTERS. I would hope it would be.

I think we would get more support from our members, and I think from most of the public, if we eliminated age limit and put a 2- or 3-year marriage or whatever was the wisdom of the committee.

Mr. DANIELS. Mr. Walters, you are going to get lots of support after having testified this morning.

Mr. WALTERS. I am going to get lots of the other, too.

Mr. DANIELS. Mr. Walters, in your statement you expressed the feeling that the cost of all the proposed amendments would not take on major proportions. Has your organization made any attempts to estimate those costs and the number of persons who might be involved?

Mr. WALTERS. Only by estimating at conventions and places like that. I have asked for a show of hands on many of these things that I asked about, and in many meetings there are not any hands that go up. As far as I know, the Commission has no figures that would give a true picture and we do not have any, except we have instructed all of our national officers, attending State federation meetings, to ask the question, how many people here would be affected by the second spouse, or if it was amended to include divorcees, or those who retired without naming a survivor, and there are very, very few.

I was recently at the Illinois State Federation Convention and there were less than a dozen hands that went up on all categories of this statement. The costs are going to be much more in my opinion to

recompute these widowers who have not remarried than it would to name the second spouse. That is my guess.

Mr. DANIELS. On page 5 of your statement, you also recommend extending the "remarriage of survivor annuitant provisions" of Public Law 91-93 to pre-July 18, 1966, remarriages. You are aware, are you not, that the subcommittee gave thorough consideration to this question last year?

Mr. WALTERS. That is true. I thought perhaps some things maybe had changed or we have become a little more liberal now than a year ago and we might kick this back a few years, anyway. I would like to see it eliminated, because the further back you go, Mr. Chairman, the smaller in number you are going to have because of deaths and so on. If you go back to 1940 or 1945, you would just have a handful.

Mr. DANIELS. If we did draw a new date line of equity we would have to go back as far back as February 28, 1948, and cover all remarriages that occurred in the past 22 years, wouldn't we?

Mr. WALTERS. We would be happy if you would go back to 1948.

Mr. DANIELS. Do you recall the estimated cost of doing so would be approximately a quarter of a billion dollars? That is my recollection of the testimony.

Mr. WALTERS. Nobody knows just how much that would cost, because nobody knows, as far as I know, how many are married and how many might marry.

Mr. DANIELS. Last year, when we considered survivor legislation, we did go into that question. My recollection is that we had testimony from the Civil Service Commission to the effect that it would cost a quarter of a billion dollars to extend similar treatment to pre-1966 remarriages.

Mr. WALTERS. Wasn't that on the premise that all of them would remarry? Wasn't that estimate predicated on the fact that all of these survivors would remarry?

Mr. DANIELS. Counsel states that it was based upon their prior experience, even estimating the number of people who had remarried.

Mr. WALTERS. You are going to have to pay that survivor that is living without remarriage. The fact that he or she marries does not make it cost any more.

If this survivor is getting \$100 a month now, and she will get that as long as she lives, and then she remarries, she would still get that \$100. Of course, the statisticians in many cases predict how many will remarry and how many will not in a thousand or 10,000. I do not know how this cost was ascertained. I do not see how it could cost much more than it is costing today because they are going to pay them if they do not get married. If they remarry, they do not increase it any.

Mr. DANIELS. In 1966, this subcommittee adopted the proposals for continued payment of survivor annuity in the event of remarriage after the attainment of age 60 on the premise that the ordinarily accepted precepts respecting support by the new marriage partner could no longer be accepted as valid. By advocating the elimination of the age 60 stipulation from the retirement law, what warrant can you find for such a change in cases involving the younger or middle age survivor who would normally have an earning capacity, or whose new marriage could reasonably be expected to be a self-sustaining entity?

Mr. WALTERS. I think we have to look at that from the point of view that no law is perfect. Whatever law we pass as humans, as was demonstrated by the chairman and Mr. Broyhill this morning, I think the best we can do is to eliminate as many inequities as possible. I would hope that we could eliminate that 60-year clause, because I do not think there are too many real young survivors who would be affected. There are a good number that are around 55, 56, and 57, according to our mail and according to the people I have talked to. But I think if we eliminated the 60 and put 2 or 3 years or some other kind of protection in there, if need be, you would not run into too many pitfalls. There are going to be some regardless of what we do. There is no way of writing a perfect law, I don't guess. At least I have not seen many of them in the 30-odd years I have been around here. They always find some flaw in them.

I would be willing to take a chance on eliminating the 60.

Mr. DANIELS. I have just one final question. Your various suggested amendments appear to have come quite close to covering about every situation imaginable. In fact, it seems to me you have stopped just short of advocating the ultimate; the ultimate being the providing of survivor protection in almost any circumstance without cost to the retiree.

From your years of experience, and seeing the changes that have been made over the years in the Civil Service Retirement System, do you foresee that ultimate evolving over the next few decades?

Mr. WALTERS. I take the position that I believe Congressman Broyhill did this morning, that somewhere along the line there may have to be an increased deduction. I doubt seriously if the active employees would oppose that too strenuously because they and their members would be enjoying these things in time. We have always operated on that type of theory—that the working help take care of the retired, and the rich help take care of the poor. I do not think that would be a great hurdle. In fact, I do not think this bill is going to cost nearly as much as some people think it is. I have no way of proving that. I don't think they have any way of proving their estimates, either.

I used to sort of think that actuaries were like lobbies, you could get most any figure you wanted and prove it. If you got two actuaries they always came up with two different figures. We used to hire actuaries when I was with the Government Employees Council and they never came up with the same figures the Budget Bureau or Civil Service actuaries came up with.

Mr. DANIELS. As you look down the road, do you foresee the system evolving in the next decade or two, whereby the law will eventually provide free survivor benefits?

Mr. WALTERS. I think that is sure coming because social security is on the way now for that. The bill that passed the House, as I understand it, the survivor would be at about the same amount as the worker retired. The retirees under social security, as I understand it, would not pay any additional. It would come out of the working multitude and the employers that would help underwrite the cost of this. I see no reason why this program could not follow along that same line. Somebody has to pay for it. I will admit that. There is a good strong precedent there in this bill that passed the House on the social security with next to no votes against it.

Mr. DANIELS. Mr. Walters, I have no further questions. I call upon the distinguished chairman of the full committee, Mr. Dulski. Do you have any questions to ask?

Mr. DULSKI. No, thank you.

I commend Mr. Walters on the fairness of his statements. As you know, this is a rather complicated piece of legislation. The costs of your proposals will have a large bearing on the extent of the remedies the committee might reasonably adopt.

Mr. Brasco had to leave to attend another meeting, and asked me to express his regrets.

I want to commend the counsel for submitting these questions, and chairman Daniels for propounding them, because they are going to play a very important role in the deliberation of this legislation.

I commend you on your statement and the frankness of the answers to questions. Thank you, Mr. Daniels.

Mr. DANIELS. Mr. Walters, I want to compliment you for not only a very fine statement, but also because of the sincerity and candidness with which you answered the questions put to you by the Chair. Some of them were very difficult questions to take a position on. They did point up some issues with which this committee is faced. The frankness and sincerity with which you answered the questions certainly made an impression on me, and your position will be given very serious consideration by the committee.

Mr. WALTERS. Thank you, Mr. Chairman. Regardless of how it might affect me, with your permission and the permission of the chairman, when this colloquy is ready, I would like to distribute to our membership a copy just to let them know we are trying to play this thing fair and square and trying to be honest. We have to make a decision one way or another.

I am not going to try to hide behind any of these things for political reasons.

Mr. DANIELS. You don't have to distribute to your membership. I am coming to your convention this weekend and I shall tell the membership personally.

Mr. WALTERS. That is right. The full committee chairman will be at the convention also. We will move along with that. Thank you very much.

Mr. DANIELS. You are welcome.

Our next witness is Mr. Carl K. Sadler, legislative representative of the American Federation of Government Employees, AFL-CIO, who is appearing in the absence of Mr. John F. Griner, national president.

Mr. Sadler, you are free to testify in any manner you desire.

**STATEMENT OF CARL K. SADLER, LEGISLATIVE REPRESENTATIVE,
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO;
ACCOMPANIED BY JAMES H. LYNCH, ASSISTANT LEGISLATIVE
REPRESENTATIVE AND STEPHEN A. KO CZAK, DIRECTOR OF
RESEARCH**

Mr. SADLER. Mr. Chairman, first of all, before I begin, let me express President Griner's regrets at not being able to be here. He intended to make this statement personally himself this morning, but due to some very serious problems which arose during the night, he was unable to be here.

I would also like to compliment the gentlemen that testified earlier, and especially Chairman Dulski for his introduction of this bill, which we find resolves a great number of problems and would go a long way toward solving the problems that need to be solved in the area of retirement.

With your permission, I will read our statement into the record.

Mr. DANIELS. Proceed.

Mr. SADLER. The American Federation of Government Employees has an abiding interest in legislation to provide equitable retirement programs to all career Federal employees.

Our direct interest arises from the fact that we represent 650,000 current Federal employees in officially recognized units and over 325,000 dues-paying members on the active payroll. We have an indirect interest also because many retired employees still are enrolled as our members.

But our greatest interest and claim to speak on this subject derives from our past statements based on principles of equity. I have myself appeared before you again and again to endorse bills sponsored by the subcommittee's members to modernize and reform the civil service retirement system. Once again I wish to thank this subcommittee and its distinguished chairman, Congressman Daniels, for their initiatives to pass Public Law 91-93 of October 20, 1969, which for the first time in history assured the proper funding of the retirement fund and, simultaneously, introduced the enlightened and equitable formula we now have for the computation of retirement annuities.

I am happy to be here once again before you, therefore, to endorse H.R. 3661, a fine bill introduced by Congressman Dulski of New York to extend equity to a class of human beings who, even at this late date, suffer discrimination and inequity. The other bills which I should like to recommend to the favorable attention of your subcommittee are H.R. 434, introduced by Congressman Edmondson from Oklahoma; H.R. 468, sponsored by Congresswoman Griffiths of Michigan; and H.R. 11120, introduced by Congressman Broyhill of Virginia. Our organization endorses every one of these bills and we would appreciate your subcommittee considering incorporating these three bills into H.R. 3661 introduced by Congressman Dulski. We believe that such a combined bill would eliminate many vestiges of inequity which still exist in the Federal civil service retirement system.

H.R. 3661

H.R. 3661, introduced by Congressman Dulski, is intended to eliminate one of the most serious inequities which still exists in the Federal civil service retirement system.

Under present law, an annuitant who is concerned for his wife and elects to provide a survivorship annuity for her in the event he dies has his annuity automatically reduced. Even so, his widow would receive only 55 percent of the annuity her spouse received.

The current formula provides a 2.5 percent reduction for the first \$3,600 and a 10 percent for all funds above that. This means that an annuitant receiving \$300 a month must suffer a reduction of \$7.50 or \$90 a year; and, for example, an annuitant receiving \$600 a month must suffer a reduction of \$37.50 per month or \$450 per year.

I wish to state here that I have heard many valid reasons why there should be no reductions at all enforced on annuitants to provide for their widows. I shall not cite them here simply because the bill, H.R. 3661, is not addressed to the general problem but only the specific grave injustice and inequity suffered by annuitants receiving reduced annuities whose wives die before them.

Once his wife dies, obviously the reason for the reduction in annuity ceases to exist. Consequently, by all logic and fair treatment, one would assume that the annuitant would experience a return to the original level of annuity to which he was originally entitled. But this is not the case. Under present law, the annuitant continues to receive a reduced annuity, as if nothing at all had happened to his wife. Even if he lives 40 years a widower, he would have to suffer a reduction for providing a survivorship for his deceased spouse.

Let us take the case of an annuitant who lives 5 years beyond the death of his spouse. If his original annuity had been \$300 a month, in 5 years he would have paid in \$450 to the retirement fund for a benefit which he could not obtain. If his original annuity had been \$600 a month, he would have paid in \$2,250 for a benefit he could never obtain. This is an outrageous state of affairs.

But, the situation is even worse. If he were to remarry and die before his second wife, his widow would not be entitled to a survivorship annuity, even though her husband had had to continue his reduced annuity to provide survivorship benefits for the first, already deceased wife. Thus the two must live on a lower income for a benefit that cannot be obtained.

The only word I know for this is—inequality, rank injustice.

Basing my computations on figures supplied by the Bureau of Retirement of the Civil Service Commission, I understand that annually about 800 annuitants would die leaving subsequent spouses as widows. To provide these 800 widows with survivorship benefits would cost the retirement fund approximately \$813,000 at the most in fiscal year 1971; the following fiscal year, when the number of affected widows would be altogether approximately 1,500, the total cost to the fund would not exceed at the very most \$2.3 million. In fiscal year 1971, this would be an average payment of about \$1,000 per year, or \$85 per month; and in fiscal year 1972, an average annual payment of \$1,560 per year, or \$130 per month.

Considering the current grave injustice suffered by these annuitants and their widows and bearing in mind the little money involved, I sincerely beseech your subcommittee to report this bill as early as possible.

H.R. 3661 has a further merit in that it seeks to provide equity not only to annuitants who remarry but also to those who do not. Under H.R. 3661, if the annuitant lives longer than his wife and does not remarry, his annuity would be restored to its original level from the date of his wife's death. In the event the annuitant remarries, of course, he would have to pay back to the retirement fund the total amount of additional money which he had received in the interval between his first wife's death and his remarriage. And, of course, he and his new spouse would have to return to the new reduced annuity.

This provision, moreover, is not mandatory. The choice would rest with the annuitant and with his new spouse, who in any case could not benefit until she was herself 60 years old.

I believe that these new provisions are most equitable and I cannot conceive anybody opposing them who is concerned with the problems faced by retired Federal employees.

H.R. 3661 is silent regarding the problem facing a Federal retiree whose marriage is not terminated by death but by divorce. As the law now reads, the annuitant must continue to suffer the reduction even though his divorced spouse cannot benefit if she survives him because she is no longer considered his legal widow. This situation appears unfair both to the annuitant and to his divorced wife, who otherwise might have been entitled to this survivorship benefit under the divorce settlement. Under some circumstances, in fact, such an entitlement might well have played a role in such financial matters as the terms of alimony and the amount of payments for support.

H.R. 434

Another serious inequity which exists in current retirement practices arises out of the fact that there is a lack of a single procedure for granting "leave without pay" status to Federal employees retired involuntarily on disability by their agencies and drawing benefit payments from the Federal Employees' Compensation Fund.

Federal agencies resort to a wide variety of practices in these disability cases. Some agencies grant the disabled employee "leave without pay" for the total time the employee is receiving disability compensation, even if the employee never returns to work. Thus, when the employee reaches that age when he would be entitled to normal retirement under the civil service retirement system, he benefits from this humane attitude of the agency by having the total years of "leave of absence" included in the multiplier used to compute his civil service retirement annuity.

Other agencies, on the other hand, follow a highly questionable policy of not granting the Federal employee any "leave of absence" at all, or "leave of absence" covering only a few months. These employees, of course, even if they later return to work with the Federal Government, now do not have any claim whatsoever on the civil service retirement system for their period of separation under disability compensation.

Such a discrimination is obviously unfair and inequitable. H.R. 434 would eliminate this discrimination, at least in the case of those employees placed on the disability compensation rolls who subsequently return to employment with the Federal Government. In their cases, the period of their separation for disability compensation would be included automatically in the multiplier used to compute their retirement annuity.

This bill, H.R. 434, is eminently reasonable and it would eliminate some discriminations and inequities which exist today. For this reason, our organization urges its incorporation into H.R. 3661 and early enactment into law.

H.R. 468

Although the U.S. Federal civil service has made great strides in recent years to eliminate discrimination in Federal employment, most of all in the area of sex, the present retirement laws still seriously discriminate against women employees who die while in the service

leaving spouses as survivors. Under present laws, the only condition under which a husband can benefit as a "survivor" is if he was already "incapable of self-support by reason of mental or physical disability," and if he already received "more than one-half of his support" from his employed wife.

As the subcommittee members know, there is no such limitation placed upon survivorship benefits for men who die while in the Federal service. There is no "means" or "qualifying" test for their widows. They can be millionairesses; they could have been working for the Federal Government at the time of the death of their husbands.

Congresswoman Griffiths' bill, H.R. 468, intends to eliminate this legal discrimination against women employees of the Federal Government. Solely on this legal ground, it would appear that this bill should be incorporated into H.R. 3661 and enacted as soon as possible.

But there are other considerations of equity besides this formally legal one of discrimination which justifies the enactment of this bill. There are cases of real hardship and poverty arising out of this continuing bias against women.

I should like to cite for you a few selected typical cases of severe hardship placed on these women and their families.

For example, when a woman employee now becomes seriously ill, she would find it necessary to retire on disability, if possible, in order to assure a survivor annuity for her husband. This situation would involve a particularly difficult decision if the outcome of her illness were questionable. She may have large quantities of sick leave which would be forfeited completely under the present law. The male employee under such circumstances could continue in service, use his sick leave and even be granted advanced sick leave, which is "forgiven" in case of death. His widow would receive an annuity whether or not he dies before retirement.

If a female employee and her husband are involved today in a common accident in which the wife is killed but the husband is not, even though he may be incapable of self-support after the accident, he could not under the present law be eligible for a "dependent widower's" survivor annuity. The law is very explicit that the husband shall have been dependent upon the female employee prior to her death.

In any circumstances when a female employee dies in service and minor children are included in the family, the children would be dependent upon the income of the father, unless, as is unlikely if both parents work, the mother provided more than one-half of their support. Current regulations on survivor annuities for minor children provide for about \$50 per month, a totally inadequate amount for their care.

A woman in good health and wishing to devote additional years to the service would feel when she became eligible for retirement that she is forced to retire in order to assure a survivor's annuity for her husband, since an annuity for him would be unavailable in the event of her death before retirement. A male employee does not have this concern.

The current law provides that a dependent widower must have been dependent on account of physical or mental disability. It does not cover the situation of an older dependent widower, who was not physically or mentally disabled but was unable to obtain or hold a position on account of his age and who may have inadequate social security or other retirement benefits of his own. It also does not cover the situation of an older husband who was not dependent prior to the employee's

death but becomes incapable of self-support on account of mental or physical disability or age after the employee's death in service. To remove the present discrimination, it is necessary to eliminate any provision related to the condition of dependency for the widower.

I believe these selected typical cases are sufficient to show that real hardship is imposed on women employees because of the discrimination still in force in our survivorship laws. These discriminations should stop.

Basing my calculations on information supplied by the Civil Service Commission, I understand about 900 women employees annually die in the Federal service leaving husbands and families deprived of income because of the defects of our current laws. I am informed that this inequity could be corrected by the passage of H.R. 468. Its total cost in fiscal year 1971 would be approximately \$700,000. In fiscal year 1972, it would be approximately \$2.1 million. I therefore urge the incorporation of H.R. 468 into H.R. 3661 and early enactment into law.

H.R. 11120

A further inequity in retirement laws concerns those annuitants who are recalled to active Federal service and whose surviving spouses are denied any right to the supplemental annuities they have earned.

As the subcommittee is aware, if an annuitant who has voluntarily retired returns to active civil service, he continues to receive his annuity but an amount equal to that annuity is deducted from his salary. Neither he nor the Federal employer makes contributions to the retirement fund during this employment. However, if he serves 1 full year, he is entitled to a supplemental retirement annuity which is computed by the normal retirement formula applicable to his case.

Because he is being carried on the retirement rolls during this period, the survivorship rights of his wife to his basic annuity are not affected, of course, by his return to active civil service. However, after he returns once more to retired status, his wife is not entitled under present law to any survivorship claim on the supplemental annuity he earned.

Congressman Broyhill's bill has the purpose of correcting this inequity. It provides that his widow will have a claim also to 55 percent of this supplemental annuity provided that: (1) this supplemental annuity is reduced 10 percent (the normal reduction formula for survivorship provisions); and (2) the annuitant does not elect to exclude his spouse from this supplemental survivorship annuity.

Because Congressman Broyhill's bill eliminates a defect in present law resulting in inequities, our organization requests that it also be incorporated into H.R. 3661 and enacted into law.

SUMMARY AND CONCLUSION

Our organization endorses H.R. 3661 and assures this subcommittee that it will devote its energies to assist in its early enactment. We also request the subcommittee to incorporate into H.R. 3661 the provisions of three other bills which would eliminate inequities existing in present laws. H.R. 434 would relieve injustices suffered by those active Federal employees who had been placed on disability rolls at some time in their careers and who had not been granted leave of absences during

this period. It provides that for such employees, if they return to Federal employment, this period would be considered as leave of absence. H.R. 468 seeks to eliminate vestiges of discrimination suffered by Federal women employees in the matter of survivorship annuities. And H.R. 11120 would provide equity for survivors in the case of supplemental annuities earned by annuitants who return to active civil service employment after voluntary retirement.

As I stated earlier, all these bills merit enactment on their own merits. However, for the sake of expedition and practicality, it would appear wise to incorporate their provisions into H.R. 3661 so that the Congress could deal with all these issues of equity at the same time.

In conclusion, I wish again to thank Congressman Daniels, the chairman of this subcommittee, and its other members for your great contributions in the past in retirement legislation and for the opportunity you have extended to me to testify today.

Mr. DANIELS. First, Mr. Sadler, let me commend you for a very fine statement, and also for your cooperation with the committee in summarizing your oral presentation.

I have prepared some questions and I would like to get the views of your organization on the record.

Mr. SADLER. I would be happy to try to answer any questions.

Mr. DANIELS. Mr. Sadler, you refer in your statement to the current reduction factors applicable to a retiree's full rate of annuity when he elects to provide a survivor annuity; namely, 2½ percent of the annuity up to \$3,600 and 10 percent of any annuity in excess of \$3,600. The retiree who uses \$3,600 of his annuity as a base for the survivor benefit gives up \$90 a year to provide his surviving spouse an annuity of \$1,980. Reducing that to a monthly basis, he gives up \$7.50 per month in order to provide a \$165 monthly benefit to his spouse. In other words, for each \$1 he gives up, he provides \$22 of survivor protection. Would you not agree that to the extent the first \$3,600, or less, of annuity, that the reduction is but a token?

Mr. SADLER. I agree that it is certainly a token, in the sense that you put it.

Mr. DANIELS. Do you agree, at least with respect to the first \$3,600?

Mr. SADLER. Yes, I agree.

Mr. DANIELS. Now with respect to any annuity in excess of \$3,600, the retiree gives up 10 percent of that portion of his benefit. Using your example, he gives up \$360 a year, or \$30 a month, to provide an additional \$1,980 a year, or an additional \$165 a month to his spouse. In other words, for each additional \$1 he gives up, he provides \$5.50 of survivor protection. This is not quite the "bargain basement" rate as the 1 for 22 ratio, isn't that so?

Mr. SADLER. That is true.

Mr. DANIELS. Analyzing your cited example a bit further, the \$7,200 annuitant gives up \$90 plus \$360 or a total of \$450 of his annual benefit. For this investment he guarantees his spouse a maximum benefit of \$3,960 per year.

Reducing that to a monthly basis, he gives up \$37.50 to provide \$330 of survivor benefits. It means that, in combination, for every dollar he gives up he provides \$8.80 of survivor benefits. Would you not agree that these reduction factors are far from being based upon true actuarial considerations?

Mr. SADLER. I assume, not being an actuary myself, this is true, Mr. Chairman.

Mr. DANIELS. The purpose of my line of inquiry is to arrive at my ultimate question, and that is: In view of the relatively minimal reduction in the retiree's annuity, do you feel that strong warrant can be found to protect more than one spouse, yet restore full annuity benefits during periods of nonmarital status?

Mr. SADLER. Are you asking, Mr. Chairman, if we should apply annuities to more than one spouse at a time?

Mr. DANIELS. Well, should we protect any qualified spouse and also restore full annuity to a retiree during times of nonmarriage?

Mr. SADLER. I would not say that we should provide more than one survivor annuity at any one time. I think we should, however, require that the law provide a later spouse an annuity, which it does not at this point.

Mr. DANIELS. In view of the reductions that I have pointed out in my various examples, do you think we ought to do both?

Mr. SADLER. I think the ultimate, of course, would be that we do both. However, I have to agree with the previous witnesses that I realize that the chairman and the subcommittee have decisions to make along this line that might not be in keeping with what we would like to have. I would say that it is like taking it out of one pocket and putting it in another in some cases, especially in view of the lower annuity you referred to a moment ago, \$165 a month. This is hardly a livable income under any circumstances. The \$7.50 which would be the reduction amount is certainly a substantial amount to that individual.

Mr. DANIELS. Mr. Sadler, as an organization representing primarily active employees, you are no doubt aware that the liberalizations proposed in H.R. 3661, as they apply to employees who retire in the future, have "normal cost" implications; that is, expressed as a percentage of payroll the present normal retirement cost of 13.98 percent would be raised to over 14 percent by its enactment. If your organization were faced with the alternative of choosing between the restoration of full annuity without provision for a subsequent spouse, as opposed to protecting a subsequent spouse without restoration of full annuity, in order to maintain normal costs at the current employee agency joint contribution of 14 percent, where do you think that preference would lie?

Mr. SADLER. There would be no question but what we would select the second spouse as the area that should be provided for. However, Mr. Chairman, our figures show that there are now some 40,000 retirees whose spouses have died. Each year another 2,300 retirees lose their spouses. Of these about 800, according to what we can determine, would elect to designate the second spouse rather than choose to return to the annual annuity. This is what we understand the Commission finds as well as us. The cost of naming subsequent spouses according to our figures is not likely to exceed more than \$2.3 million per year, while the cost of return to original annuity for the rest of the annuitants would be in the area of \$5 million or \$6 million per year. All together if everything that has been asked for here this morning were granted, it would cost annually somewhere in the neighborhood of \$7,500,000 to \$8,500,000, which seems to me, Mr.

Chairman, to be not much more—and I stand to be corrected here—than the amount of play that we have left in the retirement fund at this point, which I understand is something like two-tenths of 1 percent. We should also not overlook the fact that we are now receiving into the retirement fund—because of the farsightedness of yourself, Mr. Chairman, and the other members of this committee, and the full committee—a much higher rate of interest on the moneys in the fund as well as payments into the retirement fund as a result of the passage of 91-93. It would seem to me that the cost of granting both options in H.R. 3661 would not be excessive, assuming we are able to get this from the overages which we believe we have left.

Mr. DANIELS. The committee has not yet received the administration's views on this legislation, and therefore is unaware of the estimated normal cost figures. In supplying the figures cited in your statement, were you able to ascertain what normal costs and unfunded liabilities would be involved here? Are your cited figures predicted upon extending to the subsequent spouse the same rate of annuity which would have been payable to the spouse named at the time of retirement?

Mr. SADLER. Yes. We do not have what you refer to as "normal cost figures." What I recited to you a moment ago was just the current costs involved. If I may just touch on a point you made a moment ago, although we have mostly active employees in our organization, we have many thousands of employees within the organization who remain in our organization as retired employees, and many times go into other organizations as well.

Mr. DANIELS. Referring to the last paragraph on page 4 of your statement, which refers to marriages terminated by divorce, rather than death, after date of retirement. Are you suggesting the same treatment proposed in case of death be accorded in case of marriage dissolved by divorce, or are you intimating that the divorcee should not divest a former spouse of the survivor protection?

Mr. SADLER. I think there are two things to think about here, sir. One is what the courts might decide as a result of this thing, if it were possible to include an annuity that has been provided for this wife. The other I think should be up to the individual who has provided the annuity if any legal action is not involved.

Mr. DANIELS. You are not advocating an annuity be paid both to the divorced wife as well as the subsequent spouse?

Mr. SADLER. No. We want to be completely reasonable, Mr. Chairman, in our approach to these things, and I do not think it would be a reasonable approach for the retirement fund to be burdened with costs that are not provided for. I think there should be one surviving recipient of an annuity but not two.

Mr. DANIELS. If it came to a choice between a divorced wife and a subsequent spouse, which one would you recommend be given first consideration, or priority consideration?

Mr. SADLER. I would have to say you put me much in the same position you put the other witnesses this morning, in trying to make a choice in that instance. I would think that it would depend much on the circumstances of the first wife. It seems to me that some rule has to be applied here. I would think in most cases the individual who has provided the annuity, the retiree, would be responsible enough to make the decision as to the need and who is to receive his annuity.

Mr. DANIELS. Suppose he did provide for his first wife prior to the divorce being granted, regardless of who obtained the divorce—I think that is immaterial. He subsequently remarries, he had intended to make a change, but failed to make a change. If this committee were to act on this situation and would want to provide some measure of relief, what would you recommend that the committee do? What do you think would be fair and equitable under those circumstances?

Mr. SADLER. At this point, if I understand your question correctly, you say he divorced his first wife.

Mr. DANIELS. Yes; after retirement, and having designated her to receive a survivor annuity.

Mr. SADLER. And he subsequently remarried. At this point a decision has been made. He is going to pay the annuity to no one. Further consideration must be given by the committee as to, if a change is made here, who will get it. It seems to me that unless disability was involved or some possible qualifying instances you might place into the law, that the retiree should make the choice.

Mr. DANIELS. Suppose he does not make a choice. He had intended to make a change. He wanted to leave it to his new spouse who survived him, but he failed to do it.

Mr. SADLER. I do not know just what the answer would be in that instance.

Mr. DANIELS. Think that over and you can supplement your views by sending in an additional statement.

Mr. SADLER. Very well.

Mr. DANIELS. If there are any of these questions you do not feel competent to answer, if you want your colleagues to assist, they may. Or you may supplement your views by filing additional ones.

Mr. SADLER. Thank you.

Mr. DANIELS. What are your views with respect to the relative equity of an unmarried retiring employee who elects to accept even a larger reduction in annuity than the married retiree does, in order to provide a benefit to a person with an insurable interest, where the named person predeceases the retiree?

Mr. SADLER. I think he should be allowed to do so if he has someone else that has the insurable interest. I do not know that we would be adverse to that possibility at all, sir.

Mr. DANIELS. Do you find any justification for allowing such a retiree who later marries to withdraw from his original selection and substitute his spouse, even though the person with an insurable interest survives? You recall this morning I propounded similar questions to Mr. Walters.

Mr. SADLER. Yes.

Mr. DANIELS. He said I gave him a tough question. I am just wondering how you feel about the same question.

Mr. SADLER. Since you offered me the opportunity to allow one of my colleagues to answer, I believe I will do that.

Mr. DANIELS. That is customary at these hearings, Mr. Sadler, as you know.

Mr. KOCZAK. Mr. Chairman, I think our whole interest is in equity. And in matters of equity, the person closest to the problem usually is the one to be given the choice. As I gather, if we might elaborate on your example, this man was unmarried and had a sister whom he elected and then subsequently he married. The presumption is that

his interest and affection for his sister continues. He has a new interest in his wife. I think these are matters fundamentally of conscience and, in this sense they are matters of equity, and he should be given this choice. There are other factors which the Congress and the community may wish to have taken into account if, for example, he has a sister who is totally disabled and it does develop that the wife has independent means. You might put some sort of proviso into the act to give the Civil Service Commission the right to approve such elections so as to protect the interests of such persons as the sister we used in the example. However, speaking generally, if we stress equity and conscience, which is what we are striving to do, then the annuitant should have the choice, other things being equal.

Mr. DANIELS. In the absence of any testimony directed to the particular point, I assume you are not now advocating a retiree who is either unmarried at the time of retirement, or who declined to provide survivorship protection, be given an opportunity to do so after retirement?

Mr. SADLER. At this point I would not see any reason for that.

Mr. DANIELS. With regard to H.R. 434, the Edmondson bill, your testimony serves as an acquittance of public hearings on that measure. It occurs to me that your discussion of its merits is germane to the subject under consideration since these employees' annuities determine the rate of their surviving spouses' benefits. Isn't it true that a spouse of a compensation beneficiary who is carried in leave without pay status would derive a benefit to which the spouse of a separated beneficiary would not be entitled, for the simple reason that the former would be credited for service during which he was on the compensation rolls, whereas the latter would not receive such credit for retirement computation purposes?

Mr. SADLER. That would be true, Mr. Chairman.

We would have no objection to the committee amending this bill to include the provisions of H.R. 434.

Mr. DANIELS. It is not in the present bill but it is Mr. Edmondson's bill, H.R. 434. We will take a look at that.

You present some very persuasive arguments in behalf of married female employees, in giving your organization's support to Mrs. Griffith's bill, H.R. 468.

I take particular note of your comments in the middle of page 7 of your statement, in which you refer to an inadequate amount of \$50 a month being provided for surviving children. You are aware, are you not, that the Daniels-McGee Act of last October increased that basic amount to \$75, and that the November 1 cost-of-living adjustments further increased it to \$79?

Mr. SADLER. Yes, Mr. Chairman.

This was an oversight we made in preparing this statement that we do now realize. It is a reminder again how much retired employees are indebted to you and your committee and the committee in the Senate.

Mr. DANIELS. I wanted to set the record straight.

In stating that each year the husbands and families of 900 married female employees are deprived of income by reason of their deaths, you are not saying that the survivors are being left destitute are you, Mr. Sadler?

Mr. SADLER. I don't know that I am, Mr. Chairman.

I know there are many instances when a survivor could well have used the annuity. As a matter of fact, in most instances he could use the annuity. So I just say that equity should be given to both sides in this particular argument.

Mr. DANIELS. Isn't it true the survivor benefits are payable to minor children even though the husband survives, and despite the fact that he may be the primary support of the family?

Mr. SADLER. For dependents, yes.

Mr. DANIELS. Of the annual 900 surviving widowers you mention, were you able to ascertain how many of them are determined to be dependent upon their wives for support by reason of physical or mental incapacitation?

Mr. SADLER. I have no figures on that, Mr. Chairman, although I have discussed it with the members of your staff at different times in the past. I find that there is a relatively small percentage of that group who would actually be more than 50-percent dependent.

Mr. DANIELS. I, myself, am wondering if that is not somewhat in conflict with the Civil Rights Act. I recall receiving a letter yesterday from Mrs. Griffiths who is an advocate of the repeal of the section of the law which discriminates against the husband unless the husband is a dependent for at least more than 50-percent support.

She takes issue with an amendment to the proposed civil rights bill which I think may come to the floor in the next week or two. I don't recall who offered the amendment. I think the same argument that she offered against the proposed amendment to the civil rights bill would be applicable here.

Of course, I haven't gone into the question very deeply.

Mr. SADLER. This is a problem that is coming up more and more, Mr. Chairman, today than ever before, and I think a lot of problems are developing in this area.

Mr. DANIELS. Do you feel that is a discriminatory policy—the fact that husbands must be dependent, and on the other hand, the wives are not required to be dependent?

Mr. SADLER. Yes; I think so. I think any language on the one side ought to be the same on the other.

Mr. DANIELS. With reference to the bill, H.R. 11120, to which Mr. Broyle alluded this morning, you are aware, aren't you, that an identical measure was approved by the committee in the closing days of the 90th Congress but that final action thereon could not be accomplished prior to adjournment?

Mr. SADLER. Yes.

Mr. DANIELS. I have no further questions.

I want to thank you and your colleagues for coming here today and giving us the benefit of your views. I do, however, wish to recognize my colleague, Mr. Hogan, from Maryland.

Mr. HOGAN. I have no questions, Mr. Chairman; thank you.

Mr. SADLER. Thank you very much.

Mr. DANIELS. I want to commend you gentlemen for your testimony here this morning.

The committee stands adjourned and will meet subject to the call of the Chair.

(Whereupon, at 12:05 p.m. the subcommittee adjourned, subject to the call of the Chair.)

SURVIVOR ANNUITIES

TUESDAY, AUGUST 4, 1970

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RETIREMENT, INSURANCE,
AND HEALTH BENEFITS OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:20 a.m., in room 210, Cannon House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Mr. DANIELS. The Subcommittee on Retirement, Insurance, and Health Benefits is meeting this morning to further consider H.R. 3661 and related bills which propose improvements in certain survivorship provisions of the civil service retirement law.

Without objection, the administrative reports from the Civil Service Commission and the Bureau of the Budget on H.R. 3661, H.R. 5230, H.R. 468, and H.R. 11120 will be inserted in the record at this point.

(The reports follow:

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 10, 1970.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. CHAIRMAN: This is in further reply to your request for the Commission's views on H.R. 3661, a bill "To amend chapter 83, title 5, United States Code, to eliminate the reduction in the annuities of employees or Members who elect reduced annuities in order to provide a survivor annuity if pre-deceased by the person named as survivor and permit a retired employee or Member to designate a new spouse as survivor if predeceased by the person named as survivor at the time of retirement." This report also applies to H.R. 85, H.R. 5231, and other identical and similar bills which, if enacted, would permit the retiree, upon the death of his named survivor, to have his annuity recomputed and/or to name a substitute survivor annuitant.

Under the Civil Service Retirement law, the annuity of a retiring married employee is automatically reduced in order to offset a portion of the cost of providing survivor benefits for his wife (or her husband), unless at time of retirement the employee elects in writing to receive an unreduced single-life annuity. The employee's decision in this matter is irrevocable; the law does not permit him either to name another person for the survivor annuity or to change his reduced survivor annuity to an unreduced single-life annuity should the named spouse predecease him, or should the marriage relationship upon which the survivor right was based be dissolved.

H.R. 3661, as we construe it, proposes to add to the survivor annuity option the proviso that if the named spouse predeceases the retiree—

(1) The retiree's reduced survivor annuity would be recomputed under the law in effect at the time he retired, as though he had not elected survivor benefits; and

(2) Upon remarriage, the retiree could again elect a reduced annuity with survivor benefits to his (or her) new spouse. The survivor benefits to the new spouse would also be computed under the law in effect when the retiree retired. This election could not be made, however, until the new spouse attained age 60 and the

aggregate additional amount paid to the retiree as a result of the recomputation in (1) above had been refunded to the Civil Service Retirement and Disability Fund.

The recomputation and reelection process could be repeated as often as the designated spouse predeceases the retiree and he remarries. However, a divorce from the designated spouse would not permit the retiree's annuity to be recomputed, nor could he elect survivor benefits for his new spouse, should he remarry.

H.R. 3661 would apply to people retired both before and after its enactment, including people already retired whose spouses had died before enactment. In the case of a retiree predeceased by a designated spouse after enactment, the recomputations in (1) or (2) above would be effective, respectively, the first day of the month beginning after the spouse's death or the first day of the month beginning after the new spouse attains age 60.

Insofar as cost is concerned, enactment of H.R. 3661 would increase the funded liability of the Civil Retirement and Disability Fund by \$1,008.4 million. Under the financing provisions of Public Law 91-93, approved October 20, 1969, this amount would be amortized in 30 annual installments of approximately \$53.1 million. The first \$53.1 million would be payable in fiscal year 1970 if the bill is enacted before June 30, 1970. The normal cost of providing retirement benefits would be increased by 0.10% from 13.98% to 14.08%.

The Commission finds no justification for the provision of H.R. 3661 that would eliminate the reduction in the annuity of a retiree who elected a survivor annuity, if predeceased by the person named as survivor. The reduction originally was equal to the full actuarial cost of the survivor protection computed over the life time of the retiree, taking into account that there will be instances where the survivor benefit will never be payable due to intervening death or divorce of the named survivor. As shown in the following table, though, this reduction has been decreased five times so that it now equals only a fraction of the cost of the survivor protection.

	Reduction in retiree's annuity	Benefit to spouse named at retirement
<i>Retired between—</i>		
Jan. 1, 1940, and Mar. 31, 1948.....	Full actuarial.....	50 or 100 percent of retiree's reduced annuity.
Apr. 1, 1948, and Sept. 29, 1949.....	10 percent, plus $\frac{1}{2}$ of 1 percent for any years spouse under age 60.	50 percent of retiree's unreduced annuity.
Sept. 30, 1949, and Sept. 30, 1956.....	5 percent of first \$1,500 end 10 percent of remainder, plus $\frac{1}{2}$ of 1 percent for any years spouse under age 60.	Do.
Oct. 1, 1956, and Oct. 10, 1962.....	2 $\frac{1}{2}$ percent of first \$2,400 and 10 percent of any added amount used as base for survivor benefit.	50 percent of the amount used as survivor base.
Oct. 11, 1962, and present.....	2 $\frac{1}{2}$ percent of first \$3,600 and 10 percent of any added amount used as base for survivor benefit.	55 percent of the amount used as survivor base.

The Commission finds no justification for restoring a single life annuity to a retiree whose spouse has predeceased him, but concur in principle with the idea of extending the survivor protection to the new spouse of a retired employee or Member if the retiree's marriage to the spouse named as survivor at the time of retirement is dissolved. The socio-economic need to provide survivor protection for the new spouse is no less than the need to protect the former spouse. However, we would suggest certain modifications in the provisions included in H.R. 3661 that are intended to effect this objective.

As noted above, H.R. 3661 would permit the election of a new spouse in cases where the designated spouse predeceases the retiree, the new spouse has attained the age of 60, the aggregate additional amount paid to the retiree as a result of eliminating the reduction in the retiree's annuity has been refunded, and the retiree's annuity is once again reduced.

We believe:

(1) Effective on enactment, the substitution of the new spouse should be automatic, and without regard to age. If, as we recommend, the retiree's annuity is (as under present law) continued at the reduced rate following the death of the spouse initially designated as the potential recipient of survivor benefits, the substitution of a new spouse would not necessitate the refund and reduction

contemplated under H.R. 3661. Therefore, the automatic substitution of a new spouse could not adversely affect the retiree insofar as the amount of his annuity is concerned. In addition, automatic substitution would simplify administration and assure the new spouse the same survivor protection that had been provided the former spouse.

(2) Provision for a spouse acquired after retirement should be effective when the marriage has lasted at least 2 years or a child has been born of the marriage. This proposed change is consistent with the automatic survivor annuity provision, already in the retirement law, for spouses of deceased employees. Its purpose is to deter "death-bed" marriages in order to provide annuity to the new spouse.

(3) The substitution of the new spouse should be permitted when the former marriage ends because of divorce or annulment, as well as because of death. The reason why the former marriage ended has no bearing on the need for providing survivor protection to a new spouse.

(4) Where a spouse acquired after retirement is, and upon marrying the retiree remains, entitled to a survivor benefit under this or another retirement system for Government employees, she should be paid an annuity under this provision only if she elects to take it instead of the survivor benefit she already is entitled to.

(5) Provision should be made for the protection of a spouse acquired after retirement by an annuitant who was unmarried at the time he retired:

(a) Where an unmarried retiree elected annuity without survivor benefit, he should be permitted to change his election within one year after his marriage, with a reduction in his annuity becoming effective on the first of the month following receipt of his election in the Commission;

(b) Where an unmarried retiree elected annuity with a survivor benefit to a person having an insurable interest in his life, he should similarly be permitted to change his election within one year after his marriage, with the reduction in his annuity on account of his original election to be recomputed under the regular option formula, effective on the first of the month following receipt of his election in the Commission.

In summary, the Commission:

(1) Finds no justification for restoring a single-life annuity to a retiree whose spouse has predeceased him.

(2) Agrees in principle with the idea of extending the original survivor election to a new spouse, but recommends that, in lieu of the provision in H.R. 3661, survivor protection be automatically extended to a spouse acquired after retirement where the marriage has lasted at least 2 years or produced a child.

Accordingly with the changes discussed above the Commission recommends enactment of H.R. 3661.

The recommendations above would increase the unfunded liability of the Civil Service Retirement Fund by \$1,077.4 million, which would be amortized in 30 annual installments of approximately \$56.1 million (beginning with fiscal year 1970 if the provision is enacted before July 1, 1970). The normal cost of the retirement system would be increased by 0.11%, to 14.09%.

We note there are certain technical and conforming changes that should be made in the text of H.R. 3661. Our technical staff will be available to advise on this if the Committee so desires.

The Bureau of the Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON, Chairman.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 11, 1970.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to the Committee's request for the views of the Bureau of the Budget on H.R. 85, H.R. 3661 and H.R. 5231, identical bills, "To amend chapter 83, title 5, United States Code, to eliminate the reduction in the annuities of employees of Members who elected reduced annuities in order to provide a survivor annuity if predeceased by the person named as survivor and to permit a retired employee or Member to designate a new spouse as survivor if predeceased by the person named as survivor at the time of retirement."

In its report on the bills, the Civil Service Commission opposes the provision that would eliminate the annuity reduction for the survivor option and restore the single-life annuity to a retired employee whose designated spouse predeceases him.

The Commission supports in principle the provision to extend the original survivor option to new spouses, both of annuitants who were single at the time of retirement and of those who were married at the time of retirement and subsequently remarried, when the former marriage is dissolved by annulment, divorce, or death. It recommends, however, that such survivor protection should be available only when the new marriage has lasted two years or a child is born of the marriage.

The Bureau of the Budget concurs in the Commission's views, and accordingly would not object to enactment of any of the subject bills, if amended as suggested by the Commission.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 10, 1970.

Hon. THADDEUS J. DULSKI,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives*

DEAR MR. CHAIRMAN: This refers further to your request for the Commission's views on H.R. 5230, a bill "To amend section 8341 of title 5, United States Code, to provide annuities for surviving spouses without deduction from a retired employee or Member's annuity, and for other purposes."

Present law affords automatic survivor annuity to an eligible widow or dependent widower of a covered employee dying after 18 months of civilian service. The survivor received 55% of the annuity computed on the service and salary of the deceased, with a guaranteed minimum yearly annuity which is 55% of the lesser of, (a) 40% of the employee's or Member's high-3 average salary, or of the average salary in effect during the entire period of their service where such service is less than 3 years, or (b) the regular annuity obtained after increasing the deceased employee's or Member's service by the period of time between the date of his death and the date he would have attained age 60 (with credit for unused sick leave added).

Also, under present law, a retiring employee may designate his spouse to receive a survivor annuity of 55% of his earned annuity, with his earned annuity being reduced by 2½ percent of the first \$3600 plus 10 percent of the excess over \$3600.

As we construe H.R. 5230, its main purpose is to equalize survivor annuities awarded in the past with those being awarded today. The bill intends to change, on a retroactive basis, some of the present survivorship provisions, including the following, among others:

1. Make annuity to a survivor of a deceased retiree automatic, without reduction in the retiree's annuity.
2. A spouse acquired after retirement and married to the retiree for at least three years would qualify for a survivor annuity.
3. Eliminate the requirement that a widower be dependent upon the deceased employee.

If the Committee wishes to give favorable consideration to this bill, we would recommend that it be redrafted in its entirety to clearly specify all intended results. Our technical staff would be made available to advise on this, if the Committee so desires.

In any case, and as a matter of principle, the Commission would not concur in the enactment of some of the main features of H.R. 5230. For example, we would not concur with liberalizing the eligibility requirements or the annuity benefit formula for survivors of retirees who have already died.

Liberalizing retirement or survivor benefits for the future is justifiable and desirable from time to time to aid the retirement system in accomplishing one of its major functions—helping to attract and retain competent Government personnel. The same reason does not exist for retroactive application of liberalizations, with the Government called upon to bear the prohibitively high cost of new or increased annuities. In many instances the proposed new benefits would

apply in cases of retirees who could have but (often deliberately) did not elect survivor benefits for their spouses. In other cases, benefits have already been provided for the spouses either by elections under prior provisions of law or under adjustment enactments affording gift annuities to widows and widowers. In these instances the carefully designed prior provisions of law would be set aside and the proposed new benefits substituted. In total, the effect of the retroactive features of this bill would be inconsistent with the annuity systems principles.

For the reasons mentioned, the Commission recommends that adverse action be taken on H.R. 5230.

The Bureau of the Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON, Chairman.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 9, 1970.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service, House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to the Committee's request for the views of the Bureau of the Budget on H.R. 5230, "To amend section 8341 of title 5, United States Code, to provide annuities for surviving spouses without deduction from a retired employee or Member's annuity, and for other purposes."

The Bureau of the Budget concurs in the views expressed in the report the Civil Service Commission is submitting to the Committee on H.R. 5230, and accordingly recommends against its enactment.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 12, 1970.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service,
House of Representatives

DEAR MR. CHAIRMAN: This is in further reply to your request for the Commission's views on H.R. 468, a bill "To amend the Civil Service Retirement Act to provide equality of treatment with respect to widows and widowers of certain employees who die in service."

The Bill would revise the civil service retirement system to provide automatic survivor annuities for widowers of employees who die in service on the same basis as for widows.

Section 8341 of title 5, United States Code, provides for automatic survivor annuities for widows and "dependent" widowers of civil service employees who die after 18 months of service.

To qualify as a "dependent widower" of an employee who dies in service for purposes of a survivor annuity under the civil service retirement system, the widower, among other things, must (a) be incapable of self-support because of mental or physical disability, and (b) have received more than half of his support from the employee. This bill would revise section 8341 of title 5 to remove the requirement that the widower of an employee who dies in service must have been a "dependent widower" in order to qualify for a survivor annuity.

In fiscal year 1969, 5938 widows and 17 dependent widowers of deceased employees were added to the benefit roll. If the amendment proposed by this bill had been in effect, an estimated additional 900 nondependent widowers would have been added to the roll. The Commission estimates that enactment of this bill would increase the normal cost of the retirement system by .04% of payroll. It would add \$196.1 million to the unfunded liability, to be amortized in equal installments of \$10.3 million a year for the next 30 years.

The Commission favors the enactment of H.R. 468 for the following reasons:
1. The present provision for automatic survivor annuities reflects discrimination between the sexes. The non-dependent husband does not have equal protection against economic hazard; he has no entitlement to a survivor annuity whereas the non-dependent wife is awarded a survivor benefit.

2. The present provision runs counter to the facts of current day living. By and large, women work because the family needs the money, and the income earned by women is significant in the support of the family. On the principle that one purpose of a retirement system is to cushion family living standards against loss of income caused by death, it is appropriate to drop the dependency requirement for husbands of working wives.

3. The provisions for annuities to surviving spouses of deceased *annuitants* do not include a dependency test. It is inconsistent to apply such a test in the provisions for annuities to surviving spouses of deceased *employees*.

4. From a practical viewpoint, the proposed provision would be easier to administer because the dependency determinations are usually time consuming and frequently difficult to resolve satisfactorily.

This bill does not take into account the enactment of Public Law 89-554, approved September 6, 1966. In addition there are a few technical changes which should be made in the bill. Accordingly, if this bill is to be given further consideration, we suggest amending H.R. 468 as follows:

A BILL To provide equality of treatment with respect to widows and widowers of certain employees who die in service.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8341(a) of title 5, United States Code, is amended—

- (1) by inserting "and" after paragraph (2);
- (2) by striking out paragraph (3); and
- (3) by renumbering paragraph "(4)" as paragraph "(3)".

Sec. 2. Section 8341(d) of title 5, United States Code, is amended—
(1) by striking out "dependent widower" wherever it appears and inserting "widower" in place thereof;

- (2) by striking out paragraph (2); and
- (3) by renumbering paragraphs "(3)" and "(4)" as paragraphs "(2)" and "(3)".

Sec. 3. Section 8341(e)(2) of title 5, United States Code, is amended by striking out "subsection (a)(4)" and inserting "subsection (a)(3)" in place thereof.
The Bureau of the Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON, Chairman.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 30, 1970.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to the Committee's request for the views of the Bureau of the Budget on H.R. 468, "To amend the Civil Service Retirement Act to provide equality of treatment with respect to widows and widowers of certain employees who die in service."

The Bureau of the Budget concurs in the views expressed in the report the Civil Service Commission is submitting on this bill, and accordingly favors the enactment of H.R. 468.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., January 28, 1970.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. CHAIRMAN: This refers further to your request for Commission report on H.R. 11120, a bill "To amend title 5, United States Code, to provide for the inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of surviving spouses."

Except for retired Members of Congress, disability retirees whose annuities have been terminated, and retirees with annuities based on involuntary separation (not for cause or age), section 8344(a) of title 5, United States Code, sets the conditions which apply to all annuitants reemployed in the Government service regardless of when retirement occurred. When an annuitant is reemployed subject to section 8344(a), his salary is reduced by the amount of the annuity he is receiving and he is considered covered by the retirement system, but no deductions for the Civil Service Retirement and Disability Fund are withheld from his salary. If an annuitant completes between one and five years of continuous full-time reemployment service, he is entitled upon separation to a supplemental annuity computed on the basis of his reemployment service and salary. The supplemental annuity thus earned is a single-life benefit which does not increase the benefit payable to any survivor. If an annuitant completes five or more years reemployment service, he is also entitled to the supplemental annuity; however, he may elect, instead of the supplemental annuity, to make deposit in the Civil Service Retirement and Disability Fund covering the reemployment service and have his annuity completely recomputed under current law based on his entire service. The complete recomputation operates as though he were retiring for the first time, with a new right of election as to type of annuity and the benefit of liberalizing provisions enacted since his original retirement.

H.R. 11120 would amend the supplemental annuity provision so as to provide a special formula to permit an annuitant who is reemployed for one or more years to use the otherwise single-life annuity to increase the survivor benefit potentially payable to his spouse. The amendment would apply only to an annuitant whose reemployment ends on or after the date it is enacted. The additional survivor annuity would be payable if the retiree had elected a survivor annuity at the time of his original retirement and only to the husband or wife he had then designated. The supplemental annuity normally payable to the retiree would be reduced by 10% and the husband or wife would then be entitled to an increased survivor benefit equaling 55% of the full supplemental annuity. The 10% reduction and the increased survivor benefit would be automatic unless the retiree elected, before the supplemental annuity was awarded, to take a single-life supplemental annuity.

At the time the supplemental annuity provision was enacted in 1956, experience indicated that the reemployment periods of annuitants were relatively brief and that the resulting supplemental annuities were not large enough to provide a significant increase in a spouse's potential survivor benefit. The supplemental annuity was accordingly made a single-life benefit. Over the years this has been a satisfactory arrangement in the vast majority of cases.

We recognize that there are instances of an annuitant working for an extended period and earning a supplemental annuity large enough to provide a meaningful increase in the spouse's potential survivor benefit. H.R. 11120 provides a workable method of allowing use of supplemental annuities to increase benefits to potential survivors, and the Commission has no objection to its enactment.

The number of reemployed annuitants who qualify for supplemental annuities is small. We estimate that the probable cost of H.R. 11120 will be minimal.

If the Committee wishes to give favorable consideration to this bill, there are certain technical and conforming changes that should be made in the text. In this regard, substitute language for subsection (a) of the first section of H.R. 11120 is attached to this report. Also, it should be noted that section (3) proposing an exception to the restriction on the use of the retirement fund imposed by section 8348(g) of title 5, United States Code, is inappropriate and should be deleted in view of amendments to the retirement law made by section 103 of Public Law 91-93, approved October 20, 1969.

The Bureau of the Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON, Chairman.

Enclosure.

SUBSTITUTE LANGUAGE FOR SUBSECTION (A) OF THE FIRST SECTION OF H.R. 11120

That (a) section 8344(a) of title 5, United States Code, is amended by inserting after the fourth sentence the following new flush sentence: "If the annuitant on termination of employment is married to a spouse potentially entitled to annuity as surviving spouse under section 8341 of this title, the supplemental annuity payable under the fourth sentence of this subsection is reduced by 10 percent and the spouse is entitled to an annuity equal to 55 percent of the supplemental annuity commencing and terminating at the same times as the survivor annuity payable under section 8341 of this title, unless at the time of claiming the supplemental annuity the annuitant notifies the Civil Service Commission in writing that he does not desire his spouse to receive this annuity."

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., February 20, 1970.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service, House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of May 14, 1969, for the views of the Bureau of the Budget on H.R. 11120, a bill "To amend title 5, United States Code, to provide for the inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of surviving spouses."

We concur in the views expressed in the report the Civil Service Commission is submitting to your Committee on H.R. 11120 and, accordingly, do not object to its enactment if amended as suggested by the Civil Service Commission.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

Mr. DANIELS. These measures propose to:

1. Restore the full single life rate of annuity when the retiree is predeceased by the designated spouse.
2. Extend the survivor protection to the spouse of a subsequent marriage.
3. Grant annuity benefits to the husbands of deceased female employees, regardless of dependency status.
4. Permit periods of reemployment of annuitants in computing the spouse's ultimate benefit.

The subcommittee is pleased to have as its first witness this morning a gentleman who has made innumerable and invaluable contributions over the years to this subcommittee's legislative endeavors. The Chair extends a warm welcome to the able representative of the Civil Service Commission, the Director of its Bureau of Retirement, Insurance, and Occupational Health, Mr. Andrew Ruddock.

STATEMENT OF ANDREW E. RUDDOCK, DIRECTOR, BUREAU OF RETIREMENT, INSURANCE, AND OCCUPATIONAL HEALTH, U.S. CIVIL SERVICE COMMISSION

Mr. RUDDOCK. Thank you, Mr. Daniels, for those kind words. It is always a pleasure for me to appear before you. I do have a prepared statement and with your permission I would like to read it.

Mr. DANIELS. You may proceed.

Mr. RUDDOCK. Mr. Chairman and members of the subcommittee, I am glad to have the opportunity to present the position of the U.S.

Civil Service Commission on a number of bills, currently under consideration by this subcommittee, that are intended to improve the survivorship protection provided under the civil service retirement system.

The first of these bills, H.R. 3661, proposes to amend the survivor annuity option of a retiring employee by providing that if the named spouse predeceases the retiree—

1. The retired employee's annuity would be recomputed, under the law in effect at the time he retired, and paid prospectively as though he had not elected survivor benefits; and

2. If he remarries, the retiree could again elect a reduced annuity with survivor benefits to his (or her) new spouse. The survivor benefits to the new spouse would be computed under the law in effect when the employee retired.

Under this proposal, the election to substitute a second spouse could not be made until the new spouse attained age 60. The total additional annuity paid to the retired employee as a result of recomputing his annuity after the first spouse died would have to be refunded to the civil service retirement and disability fund.

I note that you have inserted in the record the Commission's official report dated June 10, 1970.

As stated in its official report, the Commission does not believe it desirable at this time to restore the full annuity of a retiree who elected a survivor annuity if he is predeceased by the person named as survivor. The reduction in the retiree's annuity when our system first offered survivor benefits in 1940, was equal to the full actuarial cost of the survivor protection computed over the lifetime of the retiree, taking into account that there will be instances where the survivor benefit will never be payable due to intervening death or divorce of the named survivor. However, as a result of liberalizing legislation over the years, this reduction has been decreased so that now it is a token reduction that equals only a fraction of the cost of the survivor protection. Consequently, eliminating the reduction where the retiree is predeceased by his spouse is not supported by any concept that retirees are paying too much for survivor protection.

Nor can eliminating the reduction be justified on the basis of need. Eliminating the reduction when the spouse predeceases the retiree would result in higher total benefits becoming payable to the retiree alone than had been provided both the retiree and his spouse. In other words, we would create the somewhat anomalous situation of providing more in benefits when the economic need becomes less.

On the other hand, the Commission concurs in principle with the idea of extending survivor protection to the new spouse of a retired employee if the retiree's marriage to the spouse named as survivor at the time of retirement is dissolved. The socioeconomic need to provide survivor protection for the new spouse is no less than the need to protect the former spouse. We suggest certain modifications in the provisions of the bill that are intended to achieve this objective. These suggestions, and the considerations for them, are spelled out in some detail in our official report, but stated very briefly, they include the following:

1. Substitution of a new spouse should be automatic, and without regard to age. This would simplify administration and assure the new spouse the same survivor protection that had been provided the former spouse.

2. Substitution of a new spouse should be permitted when the former marriage ends because of divorce or annulment, as well as because of death. The reason for termination of the former marriage has no bearing on the need for providing survivor protection to a new spouse.

3. Provision should be made for the protection of a spouse acquired after retirement by an annuitant who was unmarried at the time he retired.

4. An unmarried retiree who elected annuity with a survivor benefit to a person having an insurable interest in his life should be permitted to change his election to protect a subsequently acquired spouse.

Another bill, H.R. 468, proposes to amend the civil service retirement law to provide equality of treatment with respect to widows and widowers of employees who die in service. The Commission has long supported the principle that all employees should be treated alike for retirement purposes and, by letter dated June 12, 1970, the Commission reported its favorable position on this bill.

Under the present law, in order to be eligible for a survivor annuity in the case of an employee who dies in service, a widow must have been married to the employee for at least 2 years immediately before his death or, if married less than 2 years, she must be the mother of a child born of the marriage. However, for a widower to qualify for a survivor benefit, in addition to meeting either the marriage or parentage requirement I just mentioned, he must be incapable of self-support by reason of mental or physical disability, and must have received more than one-half support from his wife. The Commission has received many complaints about this difference in the survivorship protection provided men and women employees.

I believe I should make it clear at this point that the difference in the survivorship protection provided men and women employees in service does not exist with respect to the survivorship protection available after retirement. There are no marriage, parentage, disability or dependency requirements to be met on the part of either a widow or a widower where an employee, at retirement, chooses a reduced annuity in order to provide a survivor benefit for his or her spouse.

The present provision for annuities to surviving spouses of deceased employees reflects a difference in treatment that is based exclusively on whether the employee is a man or woman. The woman employee's nondependent widower has no entitlement to a survivor annuity whereas the male employee's nondependent widow is awarded a survivor benefit. The present provision runs counter to the facts of current-day living. By and large, women work because the family needs the money, and the income earned by women is significant in the support of the family and in maintenance of the family's standard of living.

The Commission recommends enactment of H.R. 468.

A third bill relating to improving survivorship protection, H.R. 11120, would provide for the inclusion of certain periods of reemployment of an annuitant for the purpose of computing the annuities provided his (or her) surviving spouse.

Under the present law, with a few exceptions, when an annuitant is reemployed, he is considered covered by the retirement system, but no deductions are withheld from his salary. If he completes 5 or more years of continuous, full-time reemployment service, he may elect to make a deposit to the civil service retirement and disability fund covering that service, have his annuity recomputed on the basis of his entire service, and elect survivor benefits based on the resulting increased annuity.

Alternatively, he, and also an annuitant who completes between 1 and 5 years of continuous full-time reemployment service, is entitled upon separation to a supplemental annuity based only on the reemployment service. The supplemental annuity, however, does not increase the benefits potentially payable to any survivor. This has been a reasonably satisfactory arrangement for annuitants whose reemployment service is relatively brief, because the resulting supplemental annuities are not large enough to provide a significant increase in a spouse's potential benefit. Nonetheless, we recognize that there are instances of an annuitant working for an extended period and earning a supplemental annuity large enough to provide a meaningful increase in the spouse's potential survivor benefit.

H.R. 11120 provides a workable method of allowing use of supplemental annuities to increase benefits to potential survivors, and, as stated in our report on this bill dated January 28, 1970, the Commission has no objection to its enactment.

I thank you for the privilege of appearing to testify today on these very significant bills. I will be glad to try to answer any questions you may have.

Mr. DANIELS. Mr. Ruddock, thank you for a very fine statement. I am pleased to hear your testimony to the effect that you support some, if not most, of the provisions that are contained in the various bills under consideration this morning.

The Chair does have a few questions.

Mr. Ruddock, in years past, various Chairmen of the Civil Service Commission and the various administrations apparently found no justification for an employer policy of providing costly survivor benefits to a spouse acquired after termination of the employer-employee relationship.

From your statement and the administrative reports on H.R. 3661, the present Commission and administration obviously favor a departure from the original concept of contractual principles whereby only the spouse to whom an employee is married at the time of retirement is recognized as having a vested right to survivorship protection.

Do I interpret correctly that the Commission's limited departure from that concept is predicated upon the economic needs of spouses acquired subsequent to retirement?

Mr. RUDDOCK. Yes, I think that is exactly right. The position in the past has been, it seems to me, one of looking at the retirement system as being a plan in which all the benefits were earned benefits

and considering some obligation on the part of the employer flowing toward the wife to whom the employee was married at the time of retirement, without seeing any similar obligation, if you will, toward a spouse acquired after retirement.

I think the current position is more realistic. The position is a recognition of a need of our society to provide some income for widows. While it would be difficult to say that this is a responsibility of the employer that flows from the employment itself, it does seem this is a very reasonable way of providing survivor protection to the second spouse.

Mr. DANIELS. Is my interpretation correct, that the reason upon which the Commission predicates extending the survivor protection to a subsequent spouse—that is, socioeconomic need—is the same reason whereby it objects to restoration of the full single life rate upon termination of the marriage?

Mr. RUMDOCK. I would agree with that, too. The restoration of the rate would mean only paying a higher annuity to the retired employee and that would be a nice benefit for him. But you cannot use the argument of a social need to provide protection as justification for increasing annuity, as you can for providing annuity to a second spouse.

Mr. DANIELS. I believe that there is a consensus that the existing reduction factors amount to relatively little more than a token and that they are far from being based upon full actuarial considerations.

In your opinion, Mr. Ruddock, could greater warrant be found for restoring to the retiree the full annuity rate if the reduction percentages were based upon true actuarial factors?

Mr. RUMDOCK. Yes. I think that would be particularly true if in calculating your actuarial reductions you calculated them with the assumption that you would restore the full rate if the wife died first. There are some systems in which survivor annuity is purchasable and you may buy it on either a basis of no restoration if the spouse dies first, or with a provision for restoration if the spouse died first. Obviously, to buy that kind of protection with the provision for restoring full annuity if the wife dies first is much more expensive.

Mr. DANIELS. Are these commercial insurance policies?

Mr. RUMDOCK. I believe there is a provision—I am not the expert on it—but I believe there is a provision similar to that in connection with the survivor protection available to retired military personnel.

Mr. DANIELS. Anywhere else that it may be available, if you know?

Mr. RUMDOCK. I am sure that that would be a provision available through commercial insurers.

Mr. DANIELS. In attempting to establish an order of precedence of treatment to the various circumstances of these retirees, is it your feeling that the priority position should be accorded the retiree who did in fact elect a reduction in annuity, whose marriage has been terminated, who continues to receive a reduced benefit even though he has remarried, and who is presently precluded from providing survivor protection to his subsequent spouse?

Mr. RUMDOCK. If we are looking toward those who are deserving of consideration, I think he would be very high on the list. He has done everything within his power to make the election and to pay whatever price was required to set up a survivorship annuity for the

surviving widow. It seems to me that he is certainly in a better priority position than a person who did not make a similar election at the time of retirement.

Mr. DANIELS. Would you agree that this is the classic example and that having the greatest degree of merit?

Mr. RUDDOCK. Yes, I would.

Mr. DANIELS. If this legislation were adopted substantially as introduced, whereby the retiree's full rate of annuity is restored and survivorship protection extended to a subsequent spouse only on the condition that he refund the amount of annuity so restored, could you conceive of situations where the retiree's financial resources would be such that he could not come up with the amount due?

Mr. RUDDOCK. Yes, sir, I certainly could. That is the primary reason for our recommendation that the second spouse be substituted without any requirement for return of the money. As we propose it, the annuity would continue to be paid at the reduced rate after the death of the first wife so that you would not have this problem of having restored the full rate and then having the annuity to a subsequently acquired spouse payable only if that extra payment were returned to the fund.

Mr. DANIELS. As you propose it, the annuity would be payable to the subsequent spouse automatically?

Mr. RUDDOCK. Paid automatically and without election. We would avoid the problem of the retired employee remembering to do it and taking the necessary action to make the election.

Our proposal, we believe, with the automatic protection of the second spouse, would result in protecting more second widows than would any of the alternatives.

Mr. DANIELS. Mr. Ruddock, by your proposal that the legislation be expanded to permit an unmarried retiree to designate a subsequent spouse, you do not advocate that he pay into the retirement fund the amount that would have been deducted from the date of retirement had he otherwise been married?

Mr. RUDDOCK. No. We propose only that he be required to make the election within a year after his marriage. When he makes the election, protection would begin prospectively and he would begin to have his annuity reduced only prospectively.

Mr. DANIELS. What are your views with respect to the retiree who is eligible to designate his spouse as a survivor annuitant but declines to do so? Should such a person be accorded further consideration?

Mr. RUDDOCK. I wouldn't recommend any further consideration at this time. The extremely low cost of the survivor protection, with reduction of only 2½ percent from the first \$3,600 of annuity makes it quite an attractive bargain. This is explained in the application for retirement so that it is brought to the attention of the individual. If we have a retiring married man who sends us an application in which he says he does not want the survivor protection, then we routinely write to him giving him the rates with and without the survivor protection and ask him to confirm his election just on the off-chance that he has made an error of some kind. By the time we begin to pay a full annuity without survivorship protection, we are pretty certain that the individual has understood what he was doing.

Mr. DANIELS. Therefore, you make sure that he understands the situation and what his rights are?

Mr. RUDDOCK. That is right.

Mr. DANIELS. That he may designate a spouse but if he elects not to do so, you again obtain his position in writing?

Mr. RUDDOCK. Yes, sir. We have him confirm that. Very frankly, there are some instances in which a married man does not want to set up survivor protection for his potential widow. There are other cases in which the individual has made other financial arrangements for her and is not counting on the annuity as a part of her widow's protection.

Mr. DANIELS. As introduced, H.R. 3661 purports to allow the retiree to designate a subsequent spouse on attainment of age 60. I believe that you have answered the question that I am about to put to you in your statement, but for the record I would like to have your reply with a little more emphasis.

Do I understand correctly that the Commission recommends automatic protection for a subsequent spouse rather than an affirmative action by the retiree, and that such automatic protection vests at the time the marriage has existed for 2 years rather than upon her attainment of age 60?

Mr. RUDDOCK. Yes, sir. We think if we put the age factor in, it would be a mistake. To cite one example, if an employee retired, say, at age 55 and remarried at age 58, there is a good chance that he would forget that there is an affirmative action he needs to initiate when his wife reaches age 60. We think that we would end up with just too many cases in which that kind of an affirmative action was not initiated at the time the second wife attained age 60. It is not the sort of thing where we could send some kind of a reminder from the Civil Service Commission because in most cases we would not be aware of the remarriage until the annuitant initiated some action to tell us about it. As we propose it, we wouldn't need to know he had remarried until the time of this death. At that time, while adjudicating the claim for death benefits and ascertaining the family relationships, we would find that he is currently married, and is survived by a widow to whom he has been married for 2 years, or a widow who is the mother of a child born of the marriage. She would automatically be entitled to a survivor annuity. Her situation would be the same as that of the widow of a man who dies in the service.

Mr. DANIELS. I am inclined to agree with your thinking on that. I am pleased to see that the Commission is taking a very, very liberal view on this question.

Mr. HOGAN. Does she have to be 60 years of age?

Mr. RUDDOCK. No, sir.

Mr. HOGAN. Regardless of the age at his death?

Mr. RUDDOCK. I think the age 60 problem was put in as a safeguard, if you will, against an annuitant advanced in years marrying someone much younger than himself. We think that the provision which would require that the marriage be in existence for at least 2 years or that there be a child born of the marriage is enough of a safeguard against the deathbed marriage.

Mr. HOGAN. Thank you.

Thank you, Mr. Chairman.

Mr. DANIELS. The 2-year marriage requirement that you recommend and which applies with respect to employees who die when actively employed, does not apply when designating a survivor

annuitant at the time of retirement. Are there any reasons why the 2-year requirement should or should not be made applicable in the case of retiring employees?

Mr. RUDDOCK. Let me say only that we have not experienced any major problem with respect to employees, at the time of retirement, naming a wife to whom they have been married for only a short time. There seem to be more marriages that occur considerably before retirement and second marriages that occur after retirement, but it is a fairly uncommon thing for a marriage to occur at or about the time of retirement.

It could be put in as an additional safeguard. It is one that we have not felt the need for.

Mr. DANIELS. If a man marries on the day he retires, and accepts a reduced annuity, she would automatically be entitled to a benefit after his death, under existing law?

Mr. RUDDOCK. She would if they were married before he retired or even on the day he retired. But in order to set up the survivor protection for a wife acquired after retirement, as I understand the bill as introduced and with our proposed modifications, he would either have to be an individual who was married, and elected reduced annuity benefit at the time of retirement, or if unmarried at that time and he married after retirement, he would have to make affirmative election within a year after that marriage which would set up the potential survivor annuity and which would require, prospectively a reduction in his annuity.

In the sequence that you gave, if he retired one day and married the next and died the third, there would not be time to set up the election of the survivor annuity.

Mr. DANIELS. I presume that is right. It would have to be arranged.

Mr. RUDDOCK. If he were married at the time of retirement and his wife died the next day and he remarried the third day and he died the fourth day, we would have automatic substitution. I think that is a very unlikely situation.

Mr. DANIELS. There will be all kinds of situations arise, I am sure.

Mr. RUDDOCK. You have heard it said anything that can happen will happen.

Mr. DANIELS. Truth is stranger than fiction, so I suppose unusual cases will occur.

In recommending extending survivor protection to postretirement marriages, are you suggesting that the surviving spouses of retirees who die, or have died, prior to the date of enactment of this legislation be automatically covered?

Mr. RUDDOCK. No, sir. What we had in mind was this legislation would apply not only in all future retirements but it would also apply to those currently on the retirement rolls whether or not is it the first wife or the second wife, but where the death of the retired employee occurs on or after the date of enactment. In other words, we would not propose to go back over the last 30 years of our retirement system history and reopen settled cases of annuitants who had died and the final payoff had been made in order to do something different at this time.

Mr. DANIELS. In other words, it is not to be retroactive?

Mr. RUDDOCK. It would be prospective with respect to all deaths occurring from this point forward.

Mr. DANIELS. The Commission's administrative report on H.R. 3661 as amended in accordance with your recommendations, and H.R. 468 estimate that the enactment of these bills will increase the retirement system's known cost by a total of fifteen one-hundredths of 1 percent, or from a present normal cost of 13.98 percent of payroll to 14.13 percent of payroll. While enactment would require amortizing the unfunded liability thus created by approximately \$66.5 million annually over the next 30 years, the Commission is not suggesting that the joint employee-agency contributions of 14 percent be increased at this time?

Mr. RUDDOCK. No, sir.

As all the members of this committee will remember, the retirement financing legislation which was enacted last October was originally introduced with a provision that would automatically have adjusted both the employee deduction and the agency contribution rates when the normal costs changed. As I remember, they would have been adjusted to the nearest one-quarter of 1 percent. The automatic provision was deleted. It is now the kind of a situation where the Commission from time to time could recommend to this committee a change in the employee deductions or the agency contributions that would be considered by this committee. We are not making that recommendation on the basis of this particular legislation.

Mr. DANIELS. I recall that situation because I was a sponsor of the original bill containing that provision. There was so much objection voiced to it that on further thought I and my colleagues deemed it advisable to delete the provision. In the future, if you feel there should be an increase, you will come to Congress and make your position known?

Mr. RUDDOCK. Yes, sir.

Mr. DANIELS. The Commission's letter of June 10, 1970, estimates that the cost of H.R. 3661, as introduced, would increase the unfunded liability of the retirement system by slightly over \$1 billion and increase normal costs by one-tenth of 1 percent.

Are you able to tell us the various costs involved if we were to adopt both of the proposals embodied in H.R. 3661, and also adopt the amendment suggested by the Commission?

Mr. RUDDOCK. No, sir; I cannot give you that precisely. I would be happy to supply it for the record.

The increase in normal costs, I believe, would be in the neighborhood of 0.12 or 0.13. I cannot be certain just where that would fall. I need to supply for the record that additional computation.

Mr. DANIELS. I am quite sure that if this legislation is approved by the subcommittee and the full committee, one of my colleagues will ask that question on the floor, so we will need that information. I would appreciate it if you would submit it. We will hold the record open for a couple of weeks so that that may be done.

Will 2 weeks' time be sufficient?

Mr. RUDDOCK. Yes, sir. I will have it for you within a day or two. (The cost estimate follows:)

COST ESTIMATE

If the Commission's proposal for second survivors were modified to provide for restoration of the full annuity rate when the spouse predeceases the retired employee, but without requiring repayment of the extra annuity in order to provide survivor annuity to a second spouse, the present normal cost of the system would be increased by 0.12 percent. The unfunded liability would be increased by \$1,208.2 million, which would be funded by 30 equal annual installments of \$63.5 million.

Mr. DANIELS. Mr. Nix, do you have any questions?

Mr. NIX. Thank you, Mr. Chairman.

First of all, I apologize for being late this morning. It is not my practice.

You have not mentioned anything about third wives. I think they need representation—and fourth wives. Is there any protection afforded them?

Mr. RUDDOCK. The automatic protection which we have proposed be added to the bill as introduced would apply equally to a third wife or fourth wife. In other words, it would apply to the woman who is the widow at the time of death.

Mr. DANIELS. You are envisioning a pretty strong man.

Mr. NIX. Thank you, Mr. Chairman.

Mr. DANIELS. I recognize my colleague from Maryland, Mr. Hogan.

Mr. HOGAN. Mr. Ruddock, I appreciate your testimony today.

May the retiree, assuming he is divorced after retirement, choose to have his divorced wife continue to receive the benefits if he so desires?

Mr. RUDDOCK. No, sir.

Mr. HOGAN. He may not?

Mr. RUDDOCK. There is no such provision in either present law or in any of the proposals before us today.

Mr. HOGAN. I can envision a situation where he divorces his wife but wants to care for her future, and this would seem to be an option that ought to be open to him. Has the Commission given any consideration to this?

Mr. RUDDOCK. No, sir.

In fact, the first time this particular problem was called to my attention was within the past 6 months. I cannot ever remember its having come up before. It is not apparently something that occurs very often.

Mr. HOGAN. Would the Commission oppose giving this option to the retiree?

Mr. RUDDOCK. I cannot commit the three Civil Service Commissioners to a policy position on that. It is something they would have to consider. It would seem to me the occurrence of it would be so infrequent that its cost would be extremely small, and if the Commissioners believe that it is a problem of some significance I think they would be favorably inclined toward it. That is not my committing them to that position.

Mr. HOGAN. Thank you.

I can envision a set of circumstances where the new wife was very well to do and didn't need any additional compensation in the years

ahead and the wife he was divorcing, to whom he felt a sense of loyalty and gratitude, would want to provide for her future. I think that is something the subcommittee ought to consider.

Mr. RUDDOCK. I would suggest, whatever we do, that we limit the protection to one wife at a time.

Mr. HOGAN. Yes.

Mr. DANIELS. Would the gentleman yield?

If we may pursue this question which Mr. Hogan brought up, for I think it is a very pertinent question. I think we ought to be absolutely clear what we are doing in this legislation.

You state, Mr. Ruddock, that it makes no difference whether the first marriage is terminated by death or divorce, the second spouse will automatically receive her annuity in case her husband should predecease her?

Mr. RUDDOCK. Yes, sir.

Mr. DANIELS. That will be so regardless of the fact that at the time of his retirement he specifically states in writing that Mary Jones, his wife, is to be the beneficiary?

Mr. RUDDOCK. Yes. Actually what he is doing is——

Mr. DANIELS. In other words, to make the point clear, A is married to B and A is a Federal employee. When he retires he designates B, his wife, as the beneficiary. Subsequently that marriage is terminated by divorce. He remarries C. Can B, the divorced wife, make claim to the annuity by virtue of the fact that he did so in writing? Never changed it to provide for C, his second spouse?

Mr. RUDDOCK. No. Because the provision is that B is going to receive the annuity if she is the surviving widow of the employee. If they are divorced she is not the surviving widow. If there is any intention to provide continued protection for her after the divorce, we would have to do that affirmatively.

Mr. DANIELS. It is the point I want to get clear. In other words, a surviving spouse in order to qualify for the annuity must be the legal widow of the person?

Mr. RUDDOCK. Yes, sir.

Mr. DANIELS. The person who died?

Mr. RUDDOCK. Yes, sir.

Mr. DANIELS. If that marriage is terminated either by divorce or through death, then the second spouse would automatically be entitled to the annuity?

Mr. RUDDOCK. Yes, sir.

Mr. DANIELS. Any further questions?

Mr. HOGAN. This might be one of the things we will want to look at. I think there might be an area there that we ought to seek an amendment to.

I assume from your previous testimony, the so-called deathbed marriage problem is avoided by establishing the 2-year rule. The widow would have to have been his wife 2 years prior to his death.

Mr. RUDDOCK. Yes.

Mr. HOGAN. So if we had a young lady, marrying him for his annuity, who had the endurance to hang in for 2 years, then we would have the same problem.

Mr. RUDDOCK. Might I say she has earned it?

Mr. HOGAN. Very good, Mr. Ruddock.

I have no further questions.

Mr. NIX. Did I understand you to say that the annuity is predicated upon a marriage of 2 years, at least 2 years before that?

Mr. RUDDOCK. Yes, sir.

Mr. NIX. What is the rationale behind the fixing of the 2-year period?

Mr. RUDDOCK. The 2 years itself is somewhat arbitrary, but this sort of provision came into the law, as I understand it, primarily because of marriage to Civil War and Spanish-American War veterans who were potentially in the position of leaving a widow's annuity. There was something approaching a minor scandal that had to do with marriages to these veterans shortly before their deaths. Some of the marriages actually occurred in hospitals where it was known that the veteran was dying. So there was a marriage which was a marriage in name only and solely for the purpose of setting up a widow's benefit.

Now, that is the extreme. But that type of provision, that type of protection, has now been built into beneficial legislation for many, many years and it is for protection against the deathbed marriage.

Mr. NIX. Do you not think it is time to get it out of the law? I cannot for the life of me see any merit to such reasoning. I do not think that the man has to be protected in that way at all. I do not think we should have that limitation.

Mr. RUDDOCK. I am not sure it is a protection of the individual, as much as it is a protection of the fund that is going to be used to pay the benefits.

Mr. NIX. That is what I was looking for. What you are really doing is trying to save funds, to save money. Are you protecting the fund?

Mr. RUDDOCK. I think the objective is primarily protection of the fund, sir. I do not believe it is a matter of saving the fund for the fund's sake, but rather a desire to channel disbursement into areas in which it is most needed and most deserved.

Mr. NIX. I can think of a lovesick female who admired a man over the years and suddenly there comes this opportunity to join him in marriage. I think it is a frustration to a great number of people not to be allowed to marry, even if he only has 6 months. Look at the happiness you rob him of in the waning moments of his life.

Mr. RUDDOCK. Sir, this provision would not in any way prohibit or inhibit the marriage.

Mr. NIX. I know. The other inducement would be the annuity.

Mr. RUDDOCK. Yes. This would remove annuity as a motivation for the marriage.

Mr. DANIELS. Would my colleague yield?

Mr. NIX. Yes, of course.

Mr. DANIELS. With reference to the point that you have just raised, Mr. Nix, do you not think that if an elderly man married a young wife, and she knew about this provision of the law, that she would have to be married to him for 2 years, that it would be conducive on her part to try to prolong his life and make him as healthy and happy as possible?

Mr. HOGAN. Maybe that is not what he had in mind, Mr. Chairman.

Mr. NIX. I would never attribute such base motives to the female.

Mr. DANIELS. It would not be base. I think this is just the purpose for marriage, that they should be a happy couple and they should enjoy their communal relationship for a long, long period of time.

Mr. NIX. I can only say that money has made many marriages much happier.

Mr. DANIELS. It is an important factor, I think.

Mr. NIX. Yes; I think so.

Mr. HOGAN. Mr. Chairman, there was a sage who defined a wife as a young man's lover, middle-aged man's companion, and an old man's nurse. This may be applicable.

In this context, Mr. Ruddock, is there a limitation on the number of annuities that one individual widow could receive?

Mr. RUDDOCK. Yes. We would propose that if she happens to be entitled to a widow's annuity based on service of another Federal employee, she would be choosing one in lieu of the other, not both.

Mr. HOGAN. So she could not collect multiple annuities?

Mr. RUDDOCK. No, sir.

Mr. HOGAN. Thank you.

Mr. DANIELS. With further reference to the question my colleague raised, it is my recollection that in 1948 when the Senate was considering the survivor benefits legislation in committee, they had a provision that the employee had to be married to a spouse for a period of 5 years before she could qualify for benefits. It is my further understanding that when that bill reached the Senate floor, it was reduced to a 2-year period of time, the period of time that is presently in the law. Is that correct?

Mr. RUDDOCK. There was some compromise involved. I do not remember where it occurred. I would expect that your recollection is precisely correct.

The original 5-year proposal was just as arbitrary as 2 years. I do not think there is magic in either one. But that was compromised downward during the legislative process.

Mr. DANIELS. It is the recommendation of the Commission as well as the Bureau of the Budget that we carry over this 2-year period of time to the subsequent marriage?

Mr. RUDDOCK. Yes.

Mr. DANIELS. I have no further questions.

Thank you, Mr. Ruddock. Your testimony is most helpful.

Mr. RUDDOCK. Thank you.

Mr. DANIELS. Our next witness is Mr. C. L. Dorson, president, Retirement Federation of Civil Service Employees.

STATEMENT OF C. L. DORSON, PRESIDENT, RETIREMENT FEDERATION OF CIVIL SERVICE EMPLOYEES

Mr. DORSON. Mr. Chairman and members of the subcommittee, my name is C. L. Dorson. I am president of the Retirement Federation of Civil Service Employees, a national organization, with offices at 501 13th Street, NW., in this city.

H.R. 3661 proposes the elimination of the reduction in the annuities of employees or members who elected reduced annuities in order to provide a survivor annuity, if predeceased by the person named as survivor, and permitting a retired employee or member to designate a new spouse as survivor if predeceased by the person named as survivor at the time of retirement.

We support in principle the aim of H.R. 3661 to effect a change in the provisions of present law which create problems of considerable magnitude for some retired Federal employees. However, we have reservations concerning some of the bill's provisions and suggest several amendments which would, in our opinion, make the legislation more equitable.

The first of these amendments concerns both sections 1 and 2, which require that the designated spouse predecease the employee or member as the only condition under which his annuity could be restored to the full amount, or which would permit him to designate a subsequent spouse as survivor annuitant. While the dissolution may not be quite final, marriages are dissolved for reasons other than death. It seems to us that, for whatever reason a marriage is dissolved, the effect is the same and, under the terms of present law, divorce or annulment of a marriage terminate the eligibility of a designated survivor annuitant as effectively as does death. Therefore, we suggest that H.R. 3661 be amended so as to make the retired employee or member eligible for a recomputation of his annuity, or to name a subsequent spouse as survivor annuitant, when the marriage is dissolved for any reason.

H.R. 3661 would not permit the designation of a new spouse as survivor annuitant until such new spouse has attained the age of 60. We believe that this provision would create additional inequities and can find no justification for such stipulation on the basis of present law. The need and desire to provide economic security, at least to some degree, for the new spouse can be as great before the spouse reaches age 60 as after. Therefore, we suggest that the bill be amended so as to permit the election of a new spouse as survivor annuitant without regard to age.

There are additional problems concerning survivor annuities which H.R. 3661 overlooks. One involves the annuitant who at the time of retirement was unmarried and designated a person with insurable interest as survivor annuitant. These annuitants, while paying a much higher price for a smaller benefit, often find themselves continuing to pay a very high price for a benefit no one can receive because the intended survivor has not survived. In addition, marriage, unanticipated at retirement, sometimes takes place thereafter and the annuitant continues to be saddled with his original election.

We suggest that it would be appropriate to also amend H.R. 3661 so as to allow these annuitants a recomputation of their annuities if the designated survivor dies, or permit them to change their election to a spouse whom they marry after retirement. When the latter event occurs, the cost to the annuitant should be adjusted, beginning with the effective date of election of the spouse, to the lower rate which would have applied had the spouse been elected as survivor annuitant at retirement.

The other problem overlooked involves the unmarried employee who retires without naming a survivor. If such an employee marries after retirement, we think he should have the right to name the spouse as survivor annuitant within a reasonable time thereafter. In such event, his annuity should be reduced, under the applicable formula, beginning with the effective date of his election.

Finally, we are concerned with the intended purpose of section 3 and suggest that the entire section be eliminated from H.R. 3661. Perhaps we fear it because we are not sure of its implications. The section of the civil service retirement law, 8348(g) of title 5, which section 3 proposes to evade, says in part:

"At the end of each fiscal year the Commission shall notify the Secretary of the Treasury of the amount equivalent to (1) interest on the unfunded liability computed for that year at the rate used in the then most recent valuation of the system * * *"

The section also provides a schedule for the payment of such interest as a government contribution to the fund by the Secretary. As this subcommittee so very well knows, a battle of many years' duration for improvement in the funding of the civil service retirement system was finally resolved last year with the enactment of the Daniels-McGee Act, Public Law 91-93. Since H.R. 3661 was introduced long before the enactment of Public Law 91-93, it probably refers to the then existing section 8348(g), which had a meaning entirely different than the present. In any event, we believe section 3 serves no good purpose.

Mr. DANIELS. I concur in your observation there. Mr. Dorson.

Mr. DORSON. Thank you, Mr. Chairman.

H.R. 468 proposes the correction of another inequity in the civil service retirement law by providing equality of treatment with respect to widows and widowers of Federal employees who die in service. The bill would accomplish this by eliminating the term "dependent widower" from section 8341 of title 5, chapter 83, sub-chapter III, of the United States Code.

The civil service retirement system is one of the few remaining retirement systems which retain dependency requirements for widowers without the same requirement for widows. Pension plans in the private sector have been required to eliminate such provisions by a ruling of the Equal Employment Opportunity Commission, dated February 4, 1970, which cites them as an unlawful employment practice in violation of title VII of the Civil Rights Act of 1964. We think it appropriate that the Federal Government "practice what it preaches" with respect to its own employees.

There is no requirement in the present law that the widower of a retiring employee be dependent upon the employee as a condition of qualification for being named as survivor annuitant, nor do we believe there should be such condition. Neither is there a requirement that the spouse named as the survivor annuitant of a retiring employee shall be married to the employee for at least 2 years immediately prior to the employee's death or be the parent of a child of the marriage, but there is such a requirement for the widows and widowers of employees or members who die in service. Both, it seems to us, need correction.

We suggest, therefore, that while this committee and the Congress are considering the question of survivor annuities, it would be appropriate to correct as many inequities as possible. For this purpose, we urge that you not only eliminate the dependency requirement for the widowers of employees who die in service, but that you also eliminate the 2-year marriage requirement for both widows and widowers.

With the inclusion of the amendments suggested, we urge that you favorably report, and the Congress speedily enact, H.R. 3661 and H.R. 468.

Mr. Chairman, we are grateful to the subcommittee for its interest in the subject matter and for the opportunity you have afforded us to express our views.

Mr. DANIELS. Mr. Dorson, thank you for your testimony.

You are undoubtedly pleased with the testimony of the previous witness, Mr. Ruddock, who recommended that H.R. 3661 be amended to accomplish almost all of the objectives that you propose.

Mr. DORSON. Yes, sir; I am grateful for that, except I was sorry to hear him include the further extension of the 2-year marriage requirement.

Mr. DANIELS. Mr. Nix seems to concur in your recommendation. On page 2 of your statement, Mr. Dorson, referring to paragraph 2, you suggest that any reference to a spouse's age be eliminated.

Mr. DORSON. Yes, sir.

Mr. DANIELS. How do you feel about Mr. Ruddock's recommendation that the 2-year marriage be substituted in lieu of this requirement? You just made reference to that.

Do you disagree with Mr. Ruddock's views?

Mr. DORSON. Yes, sir; I do.

I think, as he suggested, if I understood him correctly, the 2-year marriage requirement would apply regardless of age.

I would suspect if we had to choose between one requirement or the other, I would prefer the age 60 rather than the 2 years. I do not fear, as Mr. Ruddock seems to or at least as the official position of the Civil Service Commission seems to, that there will be a great many so-called deathbed marriages. I think the imposition of either an age 60 or a 2-year marriage requirement could create a good many inequities.

What would you do about the widow married to the guy for 1 year and 11 months, or who was 59 years, 11 months old? These things always arise. I know they are not intended to, but they do. It is hard to explain to the person that it happened to that this makes any sense.

Mr. DANIELS. You do not feel that we should guard against so-called graveyard marriages?

Mr. DORSON. No, sir; I do not think there is any need to.

Mr. DANIELS. Of the two situations, the so-called graveyard marriages and the age 60 that you propose, which of the two do you believe would create greater inequities?

Mr. DORSON. I think the 2-year marriage requirement would create greater inequity than the age 60. Because, in the cases we are talking about, I think age 60 would probably be less of a problem than the 2 years. For a fellow who is beyond the age at which he retired to even live 2 years might be something of a problem in some instances. Whereas, his marrying a woman, or in the case of a woman marrying a man, much, much younger, I think would be relatively rare.

Mr. DANIELS. Mr. Dorson, what would be the position of your organization if the subcommittee had to make a choice between restoration of full annuity versus survivor protection for subsequent spouses?

Mr. DORSON. I think, Mr. Chairman, if a choice had to be made, that we would agree that the better choice would be an annuity for the subsequent spouse rather than restoration. But I am sure there would

be a great many howls from those who did not, or did not intend to, remarry.

Mr. DANIELS. One final question.

Do you care to hazard a guess as to how active employees might react to this legislation if it were necessary to simultaneously increase retirement deductions to 7.1 percent to cover its normal costs and to preclude underfinancing what is essentially a retiree benefit?

Mr. DORSON. I am sure since it would come on the heels of a recent increase that it would not produce any great shout of joy, Mr. Chairman, but I think they recognize that they have to pay a fair share of the benefits and this would at some time affect them. As long as the increase was in the area of one-tenth of 1 percent, there would probably not be too much objection. I would be willing to risk it if the committee found it necessary.

Mr. DANIELS. I am very sympathetic to many of the problems that confront retirees. I would like to accommodate them in a great many instances on legislation that they propose. But, of course, we Members of Congress have to act responsibly. These benefits do cost money. The money has to come from somewhere.

I am sure you were in the room when Mr. Ruddock testified that he is not recommending to Congress any proposal to increase the contributions.

Mr. DORSON. Yes, sir. It seems to me, if I understood correctly, that presently they are getting 14 percent of payroll whereas actual cost is 13.98. So perhaps what they have been getting in excess could absorb some of this, at least for a time.

Mr. DANIELS. Thank you, Mr. Dorson.

Mr. NIX, do you have any questions?

Mr. NIX. No questions.

But I make the observation, Mr. Dorson, that the excellence of your statement is enhanced only by the fact that I am in complete accord with you.

Mr. DORSON. Thank you, Mr. Nix.

Mr. DANIELS. The gentleman from Maryland.

Mr. HOGAN. I have no questions.

Mr. DORSON. Thank you, Mr. Chairman.

Mr. DANIELS. Our next witness is Mr. Dan Jaspan, legislative representative, National Association of Postal Supervisors.

**STATEMENT OF DAN JASPA^N, LEGISLATIVE REPRESENTATIVE,
NATIONAL ASSOCIATION OF POSTAL SUPERVISORS**

Mr. JASPA^N. Mr. Chairman, members of the subcommittee, my name is Daniel Jaspan. I am the legislative representative of the National Association of Postal Supervisors, composed of more than 34,000 postal supervisors, with members in all 50 States and in Guam, Puerto Rico, and the Virgin Islands. Our members are employed in post offices, branches, stations, motor vehicle facilities, maintenance units, air mail facilities, and mobile units.

It is always a pleasure to appear before this subcommittee which has such an enviable record of accomplishments under the able leadership of Chairman Daniels.

Mr. DANIELS. Thank you for that compliment.

Mr. JASPER. We appreciate all you have done for us, you and the rest of the subcommittee. We know without your perseverance our retirees would not be enjoying the benefits they are and which we hope to enjoy in the future.

Thousands of retired employees and survivors are enjoying a better life and the millions of employees on the civil service rolls hope eventually to benefit from the interest and foresight of this subcommittee. For all that you have done for the benefit of past and future retirees, we thank you sincerely.

It was very interesting to note that for the first time in the 14 years I have been on this job, the Civil Service Commission has supported almost completely proposed legislation. It appears you will not have the usual objections to your ideas that you have had before. It was very, very gratifying to hear Mr. Ruddock's statements, generally in support of the legislation.

Inasmuch as we represent a generally older segment of the postal population, retirement legislation is of the utmost importance to our members. At our conventions, many resolutions are considered which are of interest to retired employees. Resolutions to eliminate deductions to provide survivor annuities have been adopted regularly.

It is generally pointed out that retirees under the Railroad Retirement Act and social security do not have any deductions in their annuities in order to provide survivor benefits. And instead of receiving only 55 percent of the employee's annuity, social security survivors receive 82.5 percent.

We would much prefer that the deductions in annuities be eliminated completely, and that survivor benefits be automatic. However, until this objective is attained, H.R. 3661 appears to be the best solution. Even though retirement annuities have been increasing over the years, due to the work of this subcommittee, it is still very difficult to live on the usual annuity. Employees who have taken reductions in their small annuities in order to provide survivor benefits feel that it is an unjust penalty for them to continue to have the deductions made when the designated spouse dies first. Even though the formula has been liberalized over the years, Mr. Chairman, annuitants must deprive themselves of many things in order to live within their income. The restoration of the full annuity when a spouse predeceases the retiree would be most helpful and would be appreciated. We hope that such legislation becomes law this year.

We have also had many resolutions over the years requesting that, when the designated survivor annuitant predeceases the retiree, he be permitted to name his new wife as a survivor annuitant. We favor such treatment.

We also suggest that if the retiree is not married at retirement, he be permitted to designate his wife acquired after retirement for survivor annuity.

I just had a letter last week from one of our members who wanted to retire on July 31, again to take advantage of the excellent retirement law. He is married, divorce is pending, he will not have it until possibly this week, and he has another future wife selected. He was undecided as to whether to retire or not. He did retire, and unless the law is passed, his future wife will not receive the benefits.

Mr. DANIELS. You had better advise him to wait a little while.

Mr. JASPER. Always conscious of the solvency of the retirement fund, we realize that there must be some safeguards and would not object to having a minimum age for the designated spouse—or an age differential.

Mr. Nix brought up an interesting point about the 2-year marriage. There are still many widows on the rolls whose husbands died when there was a 5-year rule in effect. That is still in effect for those widows. I have been testifying for many years to try to have that changed also. I believe those whose husbands retired or died prior to 1948 had to have been married to them for 5 years. I know when I came on this job some years ago, I had a letter from one of the widows who was married to her husband for 4 years and 10 months and she did not meet the 5-year requirement. She has never been able to get a survivor annuity because of that.

I would suggest, Mr. Chairman, since there are very few of these widows left, and the cost would be minimal, that the committee does look into that and see whether it could reduce that 5-year period to 2 years.

Mr. DANIELS. Mr. Jaspan, they were the pre-1948 widows?

Mr. JASPER. Pre-1948.

Mr. DANIELS. How many are in that category?

Mr. JASPER. It would be a handful. That is so many years ago, most of them were probably—that is already 22 years. They would have been possibly 30, 40, 50 years of age at that time. This woman in particular was close to 80 years old when she wrote to me but did not meet that 5-year requirement.

I think the cost would be almost negligible. It would be doing a good deed for those few who are left.

Mr. DANIELS. I might say to you, I have not received any criticism or complaints along that score. I hear about almost every other situation. I have not received any letters on that, at least in recent years.

Mr. JASPER. I think the reason for that is they have given up hope; 22 years have gone by, nothing happened. They have just about given up hope.

Once in a while I do come across cases like that. It is pathetic. These people have absolutely no income except what they can earn at their advanced ages. There is very little money they can earn.

The letter I am referring to is really heartbreaking. So I hope that the committee can look into it, check with the Civil Service Commission. I doubt whether they would object at this late stage of giving these people some annuity for the few remaining years they have. It would remove a great burden from them.

As there are more and more women being employed under the civil service, we firmly urge the passage of H.R. 468 to remove the words "dependent widower" from the law. Since the same deductions are made from the pay of a female employee as a male employee for retirement purposes, it is our belief that the restriction for the widower to be dependent is unwarranted.

Inasmuch as all actuarial figures show that the husband usually predeceases the wife, this should not burden the retirement fund with any exorbitant cost.

As mentioned above, our long-range objective is to eliminate deductions completely to provide for survivor benefits. We also strongly urge consideration of increasing the survivor annuity from the present 55 percent to 75 percent—which is still well below the 82.5 percent granted under social security without any deductions from the annuity of the retiree.

Last year President Nixon made a statement that under social security the survivor should receive 100 percent of the annuity. So I do not think we are asking too much if we ask that the survivor annuities under our own system be increased to just 75 percent.

Mr. DANIELS. How does he feel today?

Mr. JASPER. He has not said anything about it for quite a while, but he did say it after he became President.

Mr. DANIELS. Did you read his statement of just a few days ago about bringing expenditures in line with income?

Mr. JASPER. I read that. But I am sure he has not changed his mind within the past year and a half when he made that statement. I believe he was sincere at the time.

Mr. DANIELS. I read in this morning's paper he made a statement somewhere out West yesterday and then when his plane arrived last night, there was modification of that statement. So you see he does change his mind from time to time.

Mr. JASPER. Yes. I think all of us are guilty of that.

In the meantime, the enactment of H.R. 468 and H.R. 3661 would be a giant step forward in correcting present inequities.

We appreciate the opportunity of appearing before this subcommittee to express our views and urge rapid action by the subcommittee, the full committee, and the Congress.

Mr. DANIELS. Thank you, Mr. Jaspan. I have just two questions to ask.

Your statement indicates that the National Association of Postal Supervisors would not object to a minimum age requirement, or an age differential factor, with respect to allowing a retiree who is unmarried at time of retirement to designate the spouse of a later marriage. What is your reaction to the Civil Service Commission's suggestion that such a person be permitted to do so within one year of such a marriage but irrespective of the spouse's age?

Mr. JASPER. As long as the Civil Service Commission is in favor of it, I would also be in favor of it.

I had it in my testimony, feeling they would oppose it, but since they are more liberal than our testimony is, I would go along with theirs.

Mr. DANIELS. Referring to page 3 of your statement, your organization's long-range objective is to eliminate any reduction in annuity to provide survivorship protection. Would you agree with my observation that if the retirement law were to eventually provide for both restoration of full benefits and protection of all spouses that the next logical step might be to provide free survivor benefits?

Mr. JASPER. I think this is a long way toward that goal, Mr. Chairman. This is a real step forward. I can see why there should be some time in the near future that there should be free survivor benefits as we have suggested many times.

Mr. DANIELS. In such event, do you not agree that it would be necessary to increase both the employee and the agency contributions?

Mr. JASPER. No, Mr. Chairman. I do not see why we should be wedded to a 50-50 division. I think the time should be coming when the Government can pay more than 50 percent of the cost. The fact that we have had 50-50 over the years does not mean that is the only solution. We are paying 7 percent now, which is a considerable amount of the employee's earnings.

The formula was set up so many years ago, with respect to the 50-50 rate, that for some reason or other there seems to be hesitancy to change that 50-50.

Mr. DANIELS. I am sorry to interrupt you, but I have heard it said time and time again that the Federal employees' retirement system is one of the best in existence. It has been acclaimed time and time again.

Do you disagree with those statements?

Mr. JASPER. I agree with you 100 percent. I have said that all over the country.

Mr. DANIELS. But you would like to make it better?

Mr. JASPER. I tell everybody I meet that we have the best system that could be devised at present, but we will think it can be improved a little bit, otherwise your committee would not be in existence, Mr. Chairman.

Mr. DANIELS. You mean I would be out of a job?

The gentleman from Pennsylvania, Mr. Nix, do you have any questions?

Mr. NIX. Thank you, Mr. Chairman.

Mr. Jaspan, I want to compliment you on the generosity that you show when you agree with the Civil Service Commission.

I want to join you in expressing my deep appreciation for the contributions the chairman has made and is making in this field. I consider him to be the most knowledgeable man in the House in this field and I think he is doing a marvelous service to a great number of people in this country.

Thank you, Mr. Chairman.

Mr. DANIELS. Thank you, Mr. Nix, you are very generous.

Mr. JASPER. There is no doubt about that, Mr. Nix. We all feel if it had not been for the perseverance and persistence of Chairman Daniels, we would not have had all the benefits we have had in these recent years.

This committee has done an outstanding job in my opinion. It has worked harder, accomplished more under the chairmanship of Mr. Daniels than any other subcommittee, with due respect to all the other subcommittees.

Mr. DANIELS. Mr. Hogan, if you care to join in this testimonial, the Chair will be delighted to recognize you.

Mr. HOGAN. I will join if you promise not to use it in your campaign. Thank you, Mr. Jaspan, for your testimony. I have no questions.

Mr. DANIELS. Thank you, Mr. Jaspan.

Our last witness is Mr. Nathan T. Wolkomir, president of the National Federation of Federal Employees.

I understand you want to submit your statement for the record.
Mr. WOLKOMIR. If you do not mind.

Mr. DANIELS. If there is no objection, the statement of the gentleman will be inserted in the record immediately following his testimony.

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, ACCOMPANIED BY BENJAMIN E. HINDEN, LEGISLATIVE REPRESENTATIVE, NFFE

Mr. WOLKOMIR. I would like to highlight some of the statements from my prepared testimony, plus be subject to any questioning later.

I, too, would like to commend not only the chairman but all members of the subcommittee on the excellent job that they have done on retirement. I think we have accomplished more since your chairmanship of this subcommittee than we have in the history of the whole retirement law, which goes back a good many years.

Mr. DANIELS. Thank you.

Mr. WOLKOMIR. We and our members are certainly most grateful for this.

For the record, my name is Dr. Nathan T. Wolkomir. To my right, from our legal staff, is Benjamin Hinden, our legislative representative. I am president of the National Federation of Federal Employees, which is the first and largest of the independent general organizations of Federal employees, with members in virtually all Government departments and agencies worldwide. Generally we concur with all statements that have been made previously and, in spite of the fact that the Commission has been in the affirmative on several of these bills, we agree with them except on one issue.

We wholeheartedly support the restoration of full annuities to Federal retirees when the designated spouse dies. Such restoration would not only correct an inequity, but would give financial relief to the sorrow-stricken retiree when he most needs it.

I have listened on a number of occasions to the unfortunate circumstances of a retiree losing his spouse with attendant expenses of last illness and funeral and he continuing to receive the reduced annuity. The reason for reducing the annuity has ceased to exist. It is only fair and equitable that the reduction be eliminated. Presently he is denied this right because, as long as he lives, the retiree has continued to receive a reduced amount for nonapplicable survivor benefits.

We are particularly desirous of seeing the enactment of this provision into law. While we endorse the idea of allowing the retiree to designate a new spouse, we feel that the first step is to restore the full annuity to the annuitant himself.

In all other matters, I think you will find general concurrence.

Mr. Chairman, we would like to see the law amended so that the husband of a deceased female Government employee may qualify as a survivor for receiving an annuity without establishing that he is incapable of self-support by reason of physical or mental disability. This requirement discriminates against female employees as there is no such condition in effect for male Government employees who die in the Federal service. Also this requirement is not applicable to the payment of a survivor annuity to a husband when the wife dies

after having retired from the Federal Government. We feel that since women and men are required to contribute to the retirement fund in the same manner, they should be afforded equal protection under the law.

We also find it rather incongruous in the testimony that Mr. Ruddock gave this morning in, first of all, stating that the Commission was not for the restoration of the full annuity, at the same time while pleading the fact that this is an unfunded liability and would be costly, they turn right around and do indicate the fact that we should have open house as far as second, third, or fourth spouse is concerned, which is also unfunded.

Actually, we find it an incongruous sort of logic. If you start with a false premise, you are bound to wind up with a false conclusion.

Also on page 3 of his testimony, I call your attention to the following. He says that:

Consequently, eliminating the reduction where the retiree is predeceased by his spouse is not supported by any concept that retirees are paying too much for survivor protection.

I do not know why he even brings that argument into it. I have not heard of any in our 53 years of existence. Our people have never complained about paying too much for survivor protection. I think this is really a false syllogism to prove a point. It is incongruous in terms of the testimony. Outside of this we are generally in accord, in spite of the fact that the Commission is affirmative this time on many issues, we must agree with them except on this one restoration point.

We certainly thank you and the full committee for the opportunity to present our testimony, and would be glad to answer any questions. (Prepared statement follows.)

PREPARED STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. Chairman and members of the subcommittee, my name is Nathan T. Wolkomir. I am President of the National Federation of Federal Employees, which is the first and largest of the independent general organizations of Federal employees with members in virtually all Government departments and agencies world-wide. For over 50 years the NFFE has been promoting the welfare of Federal employees and the public interest.

The Subcommittee is holding hearings on House Bill, H.R. 3661 and related bills. H.R. 3661 would restore the full annuity of a Federal retiree who elected a reduced annuity in order to provide a survivor annuity to the designated spouse when the spouse predeceases the retiree. Said Bill also would allow the retiree to designate a new spouse when such spouse has attained the age of sixty years and restored amounts by reason of prior designations have been repaid. We thank the Subcommittee for affording us the opportunity to submit our views on this most important subject. Mr. Chairman, we are grateful to you and to the Members of the Subcommittee for the interest manifested on the matters of equitable treatment for annuitants and survivors within the Civil Service Retirement System.

We wholeheartedly support the restoration of full annuities to Federal retirees when the designated spouse dies. Such restoration would not only correct an inequity but would give financial relief to the sorrow stricken retiree when he most needs it. I have listened on a number of occasions to the unfortunate circumstances of a retiree losing his spouse with attendant expenses of last illness and funeral and he continuing to receive the reduced annuity. The reason for reducing the annuity has ceased to exist. It is only fair and equitable that the reduction be eliminated. Presently he is denied this right because as long as he lives the retiree has to continue to receive a reduced amount for nonapplicable survivor benefits. We are particularly desirous of seeing the enactment of this provision into law. While we endorse the idea of allowing the retiree to designate a new spouse we feel that the first step is to restore the full annuity to the annuitant himself.

I would like to bring to your attention another situation which literally cries out for correction. As you know, those who retired prior to October 11, 1962 and wished to provide a survivor annuity to the designated spouse had to take a reduction in their annuity of as much as 25 percent. This percentage figure is out of line today with the present 2½ percent of the first \$3,600 of the annuity and 10 percent of the amount above the \$3,600. We understand that there are approximately 220,000 retirees in this group. Mr. Chairman, in addition, these annuitants retired on much smaller annuities than those who retired after this date. The average annuity of those who retired prior to October 11, 1962 is only \$166 per month. Section 1 of H.R. 86 would permit recomputation of these annuities to bring them in line with present reductions for providing a survivor annuity for a spouse in accordance with the provisions of section 8339(i) of Title 5, United States Code.

Mr. Chairman, you and the Subcommittee have continually recognized inequities in the laws and have taken active and positive action to correct them when possible. This penalization of those who retired prior to October 11, 1962 especially in light of their smaller annuities makes this group second class retirees simply on the basis of having retired prior to the enactment of more liberalizing legislation. The NFFE strongly recommends the enactment of the provisions in Section 1 of H.R. 86 which can be combined with the provisions in H.R. 3661.

Mr. Chairman, we would like to see the law amended so that the husband of a deceased female Government employee may qualify as a "survivor" for receiving an annuity without establishing that he is incapable of self-support by reason of physical or mental disability. This requirement discriminates against female employees as there is no such condition in effect for male Government employees who die in the Federal service. Also this requirement is not applicable to the payment of a survivor annuity to a husband when the wife dies after having required from the Federal Government. We feel that since women and men are required to contribute to the retirement fund in the same manner they should be afforded equal protection under the law.

Congresswoman Martha W. Griffiths has introduced legislation to provide equality of treatment in this matter with respect to widows and widowers of employees who die in service. At our last national convention held in St. Louis, Missouri, resolutions on said subject were introduced and adopted. The NFFE recommends the enactment of provisions which would eliminate the requirement that the husband of a deceased female Government employee to qualify as a "survivor" establish that he is incapable of self-support by reason of physical or mental disability.

In closing, Mr. Chairman and Members of the Subcommittee, I am certain you are aware that we should not disregard the valuable contributions made by Federal retirees. They and present Federal employees have a share in making the country the great democracy it is. Without their devotion to duty, this nation would not have advanced as far or as quickly as it has. We owe a debt of gratitude to our Federal retirees and we should not permit inequities in the Retirement System to exist without taking remedial legislative action.

Again, Mr. Chairman, I wish to express my thanks to you and the members of the Subcommittee for the opportunity to state the views of the National Federation of Federal Employees.

Mr. DANIELS. Thank you for your testimony. It is always a pleasure to have you before this committee and listen to what you recommend.

On page 2 of your statement you mention the expenses attendant to the terminal illness and burial of a spouse. Is not one of the purposes of the life insurance and health benefits program designed to lessen the impact of these kinds of expenses?

Mr. WOLKOMIR. This is true. But we find in actually a calamity type, which is a severe illness; terminal illness, our health insurance does not take care of these costs. Certainly a small annuity based on the average annuity does not take care of such calamity cases.

We testified before the Health Committee in this respect. There is too much of this and we get so many complaints from our people with reference to this sort of a calamity hitting them.

If we actually were to compute the annuity in terms of the average annuitant, what they are receiving, if our figures are correct—and I believe the staff can correct me—I think we find that the average income of an annuitant runs between \$3,500 and \$4,500. When you take the 10 percent plus the 2½ percent figure, what does it come to? It does not come to much money.

I do not understand the \$1 billion figure that Mr. Ruddock talked about. I believe you brought it up, Mr. Chairman. We discussed this with the Commission earlier this week in attempting to get some computations, to get some figures in anticipation of this testimony. We find that in actuality, they claim that maybe 20 to 25 percent of the people who would be affected, of all the annuitants, is the figure that they are going by. That is approximately one-fifth of all annuitants.

In asking them, in the dollars and cents cost, what would it actually cost should we go back to the restoration of the full annuity, they gave me a figure of \$20 million. I do not know where this \$1 billion came from. This was this we got in preparation for this hearing. So there is something incongruous about our actuarial figures and statistics that we are using. I think these bear close investigation.

In anticipation perhaps of another question, I would like to say this: that in the hundreds of resolutions we receive every one of our conventions, where we receive anywhere from 800 to 1,000 resolutions, that we discuss very thoroughly, more than 25 percent of these resolutions are on retirement. This is our biggest committee and the one that gives us most time and most heartaches at our conventions. Invariably our members have indicated they are always willing to pay their way.

Mr. DANIELS. I believe about 50 percent of the legislation that is referred to the full committee comes within the jurisdiction of this particular subcommittee. So this subcommittee has a great deal of work on its hands.

Mr. WOLKOMIR. I compliment your staff, Mr. Chairman. They have been most cooperative in all of our efforts and in any information we need. They do a thorough job.

Mr. DANIELS. I am pleased to hear that.

What is your reaction to the Civil Service Commission's position whereby there is objection to increasing the retiree's benefit when his obligation seemingly decrease upon the spouse's death?

Mr. WOLKOMIR. I am really not clear on what their position was. I could not understand how he was attempting to justify the stand that they did take.

With the chairman's permission, I would appreciate your interpretation of what their stand was. I did not understand what Mr. Ruddock was saying at the time.

Mr. DANIELS. The Commission is recommending that we take care of the subsequent spouses because of the economic need to do so.

Mr. WOLKOMIR. Certainly, in spite of the fact that the Commission is for it, we are for it. Yes, sir. We are for it.

Also, with reference to the 2-year clause, we believe this 2-year clause has really outlived its usefulness. It brings to mind only the "camp-wife" concept during World War II, the camp wife who married because of insurance. I think as far as Civil Service is concerned, we are past this period, we do not need any such period of, may I say, a trial test period of 2 years. We do not need this any more.

Mr. DANIELS. Thank you. Mr. Nix, do you have any questions?

Mr. NIX. No. I just thank Dr. Wolkomir for his appearance.

Mr. DANIELS. Mr. Hogan, do you have any questions?

Mr. HOGAN. I have no questions, but thank you for coming and presenting your testimony, Mr. Wolkomir.

Mr. WOLKOMIR. Thank you, Mr. Chairman.

Mr. DANIELS. This concludes today's hearing. I wish to announce that the committee will hold the record open for at least 10 days, so anybody desiring to furnish a statement to the committee may do so.

The committee stands adjourned.

(Whereupon, at 11:45 a.m., the subcommittee adjourned.)

(The statements which follow were received by the subcommittee for inclusion in the record.)

STATEMENT OF HON. MARTHA W. GRIFFITHS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. Chairman, since 1965, I have introduced legislation to provide equality of treatment with respect to widows and widowers of certain employees who die in service. Therefore, I am pleased that my bill in this Congress, H.R. 468, to revise the existing civil service retirement system to provide automatic survivor annuities for widowers of employees who die in service on the same basis as for widows, is being considered for passage.

Under present law, both men and women Federal employees can leave survivor annuities to their spouses if they die after retirement, but only the man can unrestrictedly do so, if the employee's death occurs while still in service. A woman Federal employee who dies while in service cannot leave a survivor's annuity to her husband unless he was dependent on her during the year preceding her death. It is incredible as well as unjustifiable, for example, that if I die while I am in my present position as a Member of Congress, my husband has no survivor rights in my pension; but if any of my male colleagues die, their widows will be covered by our pension program without any questions asked. Certainly, I am happy that the U.S. Civil Service Commission has finally awakened to this discrimination against women and their husbands and now supports my bill, H.R. 468, to correct this inequity in the law, which is long overdue.

Certainly, I trust that if my bill, H.R. 468, is included in Chairman Dulski's bill, H.R. 3661, that it will read a Federal retiree who remarries after the death of his first wife can provide survivor annuities for his second wife. Legislation correcting these injustices in existing law should be adopted in this Congress.

STATEMENT OF HON. JOEL T. BROYHILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

In my testimony before the subcommittee on June 10, I had indicated I would submit a statement for the record regarding the plight of retired Federal employees who were mandatorily retired between the date of the July 13, 1969, Federal pay bill and the effective date of the changes to the October 20, 1969 Federal Retirement Act.

It is my understanding that approximately 875 civil service employees were mandatorily retired during this period. At the time of their retirement many of these retirees who had given of their talent and labor to the Federal Government believed something would be done by the Congress to provide them with the advantages and benefits brought about under the new changes to the civil service retirement law. As the committee knows, no action was taken to bring these former hard-working and loyal civil servants under the benefits of the civil service retirement amendments effective October 20, 1969.

I have been asked to bring this matter to the attention of the distinguished subcommittee in the form of a recommendation to amend the United States Code, relating to civil service retirement, so as to provide that Federal employees mandatorily retired between July 13, 1969, and November 20, 1969, may use their

accumulative sick leave to carry them on the employed rolls from their mandatory retirement date through October 20, 1969 and thus permit those former employees to be retired under the provisions of the amended United States Code, relating to civil service retirement that became effective on October 20, 1969.

Hopefully, the subcommittee will take action to obtain a report on this proposal and to take the recommendation up for consideration. Certainly, the Congress did not intend to penalize this group of former Federal employees when it allowed employees who retired a few days later to utilize their accumulated sick leave to obtain additional service credits.

STATEMENT OF HON. FRED SCHWENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. Chairman, during the past 45 years there have been many changes in our civil service retirement system. For many years, most of the changes were retroactive to provide benefits for those previously retired commensurate with the benefits granted to those who would retire in the future. However, during the 1950's and 1960's, the liberalizations of retirement benefits have not been made retroactive, with the result that many inequities have arisen. There must be some measure of correlation between the benefits awarded prospectively during the past 15 years and the benefits now paid to those who retired prior to the effective dates of such prospective legislation. Otherwise, how can present Federal employees have any assurance that they too, will not be forgotten as soon as they leave the active working force? How long can the morale of the present active working force be sustained under such conditions?

It is for this reason, that I appear before your committee this morning, to offer my strong support for H.R. 3661, and the companion bill which I have introduced, H.R. 7773.

The present retirement law provides that a retiree at time of retirement may elect to take a reduced annuity to provide a survivor annuity for his spouse. This cost at the present time is 2½ percent on the first \$3,600 and 10 percent on the remainder, if any. The law also states that only one election can be made, and that at time of retirement.

When a retiree is predeceased by the named spouse he must continue to pay this cost through this reduced annuity as long as he lives, although there never will be anyone who can receive the survivor annuity he is paying for, even though he remarries.

H.R. 3661 and H.R. 7773 provide for the restoration of the full annuity and/or permits the retiree to name his second spouse to a survivor annuity if the named survivor predeceases the retiree, and the second spouse has attained the age of 60. Out of approximately 900,000 retirees and survivors, there are several thousand that this would apply to. When enacted into law, this legislation will correct some of these injustices and yet protect our older annuitants by providing that their second or third spouse must be at least 60 years of age in order to participate in this legislation. I am sure that a good percentage of our colleagues are not fully aware of this great injustice that prevails in thousands of the homes of our retirees from the Federal service. I strongly urge that your committee give serious consideration to this legislation.

Finally, I would like to ask that you give special consideration to amending section 205 of Public Law 91-93, the section which provides for the continuance of a survivor's annuity upon remarriage if the survivor's remarriage occurred on or after July 18, 1966, and after attaining age 60. The 60-year age limit and the July 18, 1966, date should be eliminated from section 205. Survivor annuitants remarried before July 18, 1966, and before attaining age 60 cannot understand why they are being discriminated against in this provision, and there seems to be no feasible explanation for the discrimination.

STATEMENT OF HON. J. HERBERT BURKE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, I deeply appreciate this opportunity to appear before this subcommittee in behalf of my own bill, H.R. 8269, and in support of similar legislative proposals which would provide for the restoration to full annuity the benefits of Federal employees who elected to take reduced annuities in order to provide a

survivor annuity, if predeceased by the person named as survivor, and which would also permit retired Federal employees to designate a new spouse as survivor if predeceased by the person named as survivor at the time of retirement.

Because of the population makeup of the 10th Congressional District of Florida, which I am privileged to represent in Congress, which is constituted of so many retirees and senior citizens, I am perhaps more acutely aware than many other Members of Congress of the hardships this law has imposed on our retired civil service workers.

Every day I am made more aware of the inequities that exist in many of our laws which affect retired persons, and I have made a concerted effort to correct these inequities. I feel strongly that our senior citizens and retirees, particularly those who have spent a lifetime in service to their own government, should be allowed to live out their lives in some relative degree of comfort and security.

The proposals here before us today would affect the lives of several thousand Federal retirees, although I am advised that there is no exact count of the number of persons who would benefit from a change in the existing laws. Over the years, the Congress has recognized the plight of both active and retired Federal employees in many instances, and I feel that the assistance of the Congress is needed in this area more urgently perhaps than in any other.

As the law exists now, a Federal Government employee may, when he retires, elect to name a survivor, but in so doing, he must take a reduction in his own annuity. If the Federal retiree is predeceased by that person designated as his survivor, he will continue to receive the reduced benefit and he may not designate a new survivor in the event of his remarriage. He is, in essence, then, contributing toward a protection plan for which he cannot possibly derive any benefit.

The present law is of particular hardship to many persons residing in the 10th Congressional District of Florida, who, having married a widow or widower receiving a civil service annuity, assume they, too, will be entitled to a survivor annuity as was the first spouse. Many of these persons have been civil service retirement annuitants themselves. In such cases, the widow or widower who remarried prior to July 18, 1966, lost his or her own survivor's benefit as a result of the remarriage and was not eligible for survivor benefits from the second spouse.

The Congress has, I believe, a moral responsibility to former Federal employees to correct this situation. The number of persons would not be great and the cost minimal when the age of these Federal retirees is taken into full consideration.

Another portion of these legislative measures affects the Federal employee who elects to receive a reduced annuity in order to provide a survivor's benefit and who is subsequently predeceased by the person named as survivor at the time of retirement. These retirees are forced to continue to take a reduced annuity with no opportunity to ever designate a new survivor, and they may themselves never draw their own full annuity. They are in the inequitable position of being forced to pay into a retirement program for which they are unable to derive any tangible benefits.

I sincerely urge this subcommittee, the full Post Office and Civil Service Committee, and the Congress to approve legislation to correct the inequities outlined above in the present civil service retirement laws.

The Congress has, I believe, a moral responsibility to former Federal employees to correct this situation. The number of persons would not be great and the cost minimal when the age of these Federal retirees is taken into full consideration.

Another portion of these legislative measures affects the Federal employee who elects to receive a reduced annuity in order to provide a survivor's benefit and who is subsequently predeceased by the person named as survivor at the time of retirement. These retirees are forced to continue to take a reduced annuity with no opportunity to ever designate a new survivor, and they may themselves never draw their own full annuity. They are in the inequitable position of being forced to pay into a retirement program for which they are unable to derive any tangible benefits.

I sincerely urge this subcommittee, the full Post Office and Civil Service Committee, and the Congress to approve legislation to correct the inequities outlined above in the present civil service retirement laws.

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
COMMISSION ON THE STATUS OF WOMEN,
Washington, D.C., August 3, 1970.

Hon. DOMINICK V. DANIELS,
*Chairman, Subcommittee on Retirement, Insurance, and Health Benefits,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Having just learned of the hearing scheduled for August 4, the District of Columbia Commission on the Status of Women is unable to appear before your subcommittee but would appreciate your including our views in the record of the proceedings.

We are strongly in favor of H.R. 468, a bill to provide equality of treatment for widows and widowers of civil service employees who die in service. This bill, while applicable throughout the Federal Government, is of particular importance in the District of Columbia where the major employer is Uncle Sam.

The many thousands of District women who work for the Federal and District governments are entitled to equal treatment with male employees as a matter of right and justice. In addition, these women are employed predominantly in the lower grades and their families are likely to be in real need of their annuities toward which they have been required to contribute from their wages. This equitable amendment of the Civil Service Retirement Act will have greater impact in Washington, D.C., than in any other community. We sincerely trust that it will be acted on promptly and favorably by your committee and by the Congress.

Sincerely yours,

Dr. DOROTHY B. FEREBEE, *Chairman.*

INTERNATIONAL ASSOCIATION OF
MACHINISTS & AEROSPACE WORKERS,
Washington, D.C., July 28, 1970.

Hon. DOMINICK V. DANIELS,
*U.S. House of Representatives, Subcommittee on Retirement, Insurance, and Health
Benefits, Washington, D.C.*

DEAR MR. CHAIRMAN: I am pleased to note by your press release of July 23, 1970, that you have directed hearings to commence on August 4, 1970 on H.R. 3661 and H.R. 468, and other related bills dealing with survivorship protection under the U.S. civil service retirement system.

Inasmuch as prior commitments prevent me from asking for the opportunity to personally testify, I would very much like to have your permission to place into the record of hearings this organization's wholehearted endorsement of H.R. 3661 which was introduced by the distinguished chairman of the full committee, the Honorable Thaddeus J. Dulski.

H.R. 3661 is a very much needed improvement in the retirement system so as to remove a very glaring inequity which forces an annuitant to take the reduced annuity when predeceased by a designated survivor, and further, to provide such retiree the opportunity to designate a new spouse as a survivor if predeceased by the person named as the survivor at the time of retirement.

Simple justice would dictate early in speedy enactment of H.R. 3661, and in behalf of this organization which represents over one million workers, many of whom are working for the Federal Government, I urge that this beneficial change be enacted into law in this second session of the 91st Congress.

With best wishes and kindest personal regards, I remain

Sincerely,

WILLIAM H. RYAN,
National Coordinator, IAMAW, Government Employees Department.

STATEMENT OF PATRICK J. NILAN, LEGISLATIVE DIRECTOR, UNITED FEDERATION
OF POSTAL CLERKS (AFL-CIO)

Mr. Chairman and members of the committee, for the record, I am Patrick J. Nilan, national legislative director of the United Federation of Postal Clerks (AFL-CIO) with offices at 817 14th Street NW, Washington, D.C. I am very pleased to present this statement concerning H.R. 3661 and similar bills on behalf of the United Federation of Postal Clerks.

We speak in behalf of the Nation's 310,000 postal clerks, for whom we are the exclusive national representative for labor-management relations and collective bargaining with the Post Office Department. Our membership is exclusively in the postal clerk craft and is employed in post offices in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.

Mr. Chairman and members of the committee, we support H.R. 3661 as introduced by the Honorable Thaddeus J. Dulski, chairman of the House Post Office and Civil Service Committee. This legislation proposes to amend chapter 83, title 5, United States Code, to eliminate the reduction in the annuities of employees or Members who elected reduced annuities in order to provide a survivor annuity if predeceased by the person named as survivor and permit a retired employee or Member to designate a new spouse as survivor if predeceased by the person named as survivor at the time of retirement.

We believe the proposed amendments to the civil service retirement program are long overdue and consistent with liberalized annuity benefits for Federal employees. The legislation, H.R. 3661, proposes to establish by law that:

If the designated spouse predeceases the employee or Member making such election, the reduction shall be restored to the employee or Member and the annuity of such employee or Member shall be computed without regard to any election made under this subsection: *Provided*, That any such employee or Member may elect to designate a new spouse as survivor when such new spouse has attained the age of sixty and all reductions by reason of prior designations that have been restored to such employee or Member have been repaid to the retirement fund.

This improvement in the civil service retirement system would establish an equitable improvement in the area of annuitant and survivorship benefits. Under present law, an annuitant who designates his spouse for a survivorship annuity in the event he dies, must suffer a reduction in the basic annuity to which he would otherwise have been entitled.

As an example, the current formula provides a 2.5 percent reduction for the first \$3,600 and a 10 percent for all funds above that. This means that an annuitant receiving \$300 a month must suffer a reduction of \$7.50 or \$90 a year; and, for example, an annuitant receiving \$600 a month must suffer a reduction of \$37.50 per month or \$450 per year.

Once the spouse of an annuitant dies, obviously the reason for the reduction in annuity ceases to exist. As a result, we believe that ordinarily it would be assumed that the annuitant could expect a return to the original level of annuity to which he was originally entitled. However, this is not the case. Under present law, the annuitant continues to receive a reduced annuity, as if the spouse was still alive. Even if the annuitant lives forty years a widower, he would have to suffer a reduction for providing a survivorship for his deceased spouse.

Mr. Chairman and members of the committee, we are aware the other Federal employee labor organizations have and will submit additional testimony in support of this legislation, H.R. 3661; therefore, not to be repetitious of such testimony, we will conclude this statement by again endorsing H.R. 3661 and urge this committee to favorably report this legislation and urge the 91st Congress to subsequently enact this bill into law prior to adjournment.

Thank you Mr. Chairman and members of the committee for scheduling these important hearings. We will be happy to cooperate with you in seeking enactment of H.R. 3661.

STATEMENT OF JAMES H. RADEMACHER, PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS (AFL-CIO)

Mr. Chairman and members of the committee, for the record, my name is James H. Rademacher. I am president of the National Association of Letter Carriers, with headquarters at 100 Indiana Avenue NW., Washington, D.C. We have approximately 215,000 members in roughly 6,600 local branches in every State of the Union and in every one of our territorial possessions. Of this number, almost 20,000 are retirees.

I think you know, Mr. Chairman, that the NALC is unique among unions of Federal employees, in that we welcome and cherish retirees as members. The NALC is generally credited with leading the 31-year fight which led finally to the enactment of the original retirement bill in 1920. We have been in active support of every attempt to liberalize the retirement law during the intervening 50 years, and we intend to continue such support whenever the occasion arises.

Therefore, Mr. Chairman, we congratulate you on continuing hearings on this potentially helpful bill, just as we congratulate the chairman of the full committee for having introduced it in the first place.

I am certain there is nothing I can add to your knowledge of the hardships and the unnatural conditions which the present law imposes on civil service annuitants.

Despite your best efforts, Mr. Chairman, and the best efforts of so many other members of the committee, the annuity of a retired letter carrier is still shamefully low, and is scarcely adequate for sustaining a decent life, particularly for older people who inevitably find the expenses of day-to-day living increasing as their infirmities become more burdensome.

It is therefore, in our opinion, unjust to penalize a retired Federal employee financially just because he has guessed wrong, about the longevity of his spouse. He has tried to do the decent thing by providing for his wife after his departure from this world and, when his wife dies before him, he is punished for his decency.

And, of course, Mr. Chairman, the present restriction against an annuitant designating a second spouse as a survivor (provided, naturally, that the first spouse has died) is really a most unfair and unnatural prohibition.

Most people, as they grow old, become more and more dependent. The process of growing old can be a very lonely business and, if a man can find a compatible woman to share and brighten these declining years, he should be encouraged to do so, and not discouraged.

The whole point of the retirement program is to make the twilight years as happy as possible, and this is a restriction which merely clouds those days further for many of our annuitants. It would take a brave woman to enter into a marriage contract with a letter carrier annuitant when there is no protection whatever for her final years if her husband dies before she does.

As we all know, the present laws have forced many perfectly decent and straightforward men and women to enter into an unofficial, technically adulterous common-law arrangement because of these stringent restrictions. No one in his right mind could blame these partners for snatching at a bit of life and companionship in the only way economically available to them—but nonetheless, many of these worthy persons feel shamed and degraded by the irregularity of their position.

So, Mr. Chairman and members of the committee, I hope fervently that you do approve H.R. 3661 and that the Congress will agree with your thinking.

I have not only a professional interest in the plight of the retirees; I have a very personal interest as well. My own father is a retired letter carrier and I know personally of his problems.

The present annuities must be improved to an extent greater than the present cost-of-living increases are improving them. Very deserving people who have spent their entire working lives in the service of their country are going without decent food, without decent housing, and without decent clothing. We all must devise a practical way to alleviate this shameful condition.

Perhaps the committee could give favorable consideration to H.R. 3662—which would improve the lot of the retiree on a graduated basis. In my opinion, it is a very reasonable bill.

Also, I sincerely believe that you—and the rest of Congress—should give serious consideration to legislation which would exempt retirees from paying income tax on the first \$5,000 of their annuities. This has a doubly attractive feature: It would provide relief for those annuitants who need it most, and it would not affect the somewhat precarious condition of the civil service retirement fund.

Now that we are entering into an era of postal reform, I hope we can also enter into an era of retirement reform. The membership of the National Association of Letter Carriers has mandated me to concentrate our legislative efforts on carrying out this mission of retirement reform, and I devoutly hope and pray that you gentlemen will be able to cooperate with us.

Later, we plan to ask this subcommittee to approve legislation so that an employee with 20 years of postal service can consider retiring. When letter carriers daily meet the pressures of postal employment with its many distasteful elements, including the weather, they should have the option of retiring after 20 years of such service and at any age.

Thank you very much for permitting me to express these views for your consideration.

STATEMENT OF HERBERT F. ALFREY, PRESIDENT, NATIONAL RURAL LETTER CARRIERS' ASSOCIATION

Mr. Chairman and members of the subcommittee, my name is Herbert F. Alfrey. I am president of the National Rural Letter Carriers' Association, an organization representing approximately 62,000 regular, retired and substitute rural letter carriers.

Mr. Chairman, we appreciate this opportunity to submit this brief statement in support of the liberalizations to the Retirement Act dealing with survivorship protection.

The proposal to restore the reduction in annuity for those annuitants where the designated spouse predeceases the employee is, unquestionably, one of the liberalizations most desired by the annuitant group. We do strongly endorse this liberalization.

The privilege for such employee to elect to designate a new spouse as survivor also has considerable merit based on the qualifications that the new spouse has attained age 60 and that the annuitant will be required to refund the complete reduction which was restored.

On behalf of the National Rural Letter Carriers' Association we do urge this committee to favorably consider these changes in the Retirement Act.

STATEMENT OF JAMES D. HILL, EXECUTIVE DIRECTOR, NATIONAL FEDERATION OF PROFESSIONAL ORGANIZATIONS

Mr. Chairman and members of the committee, our Organization is a Federation composed of the following 14 professional societies of Federal employees:

Air Traffic Control Association, Inc.,
Airways Engineering Society,
Association of Senior Engineers of the Naval Ship Systems Command,
Federal Plant Quarantine Inspectors' National Association,
National Association of Federal-State Employees,
National Association of Federal Veterinarians,
National Association of Government Engineers,
National Labor Relations Board Professional Association,
National Society of Professional Engineers,
Naval Civilian Administrators Association,
Navy Field Safety Association,
Organization of Professional Employees of the U.S. Department of Agriculture,
Patent Office Professional Association, and
Society of Real Estate Appraisers.

A number of our constituent member societies have received correspondence and complaints from their members concerning the continuing deduction of monies from their civil service annuities for a designated survivor annuity after their spouse has died or has been divorced, and also concerning what they regard as discrimination as between the rights of male and female Federal employees to designate a survivor. As a result of this, we have interest in H.R. 3661 and H.R. 468.

With respect to H.R. 3661, we understand that Civil Service Commission data shows that the average wife of a civil servant lives 4 years longer than her husband, and is 3 years younger, thus surviving him by 7 years. In circumstances, the survivors annuity is a most valuable portion of the Federal retirement system, and should be preserved. However, correspondence received from members indicates that the continuing obligation to pay for a survivors annuity when no longer needed is one of the most aggravating sore points of the retirement system. We commend the subcommittee for investigating into this problem and we strongly urge that corrective legislation proposed by H.R. 3661 be approved by the subcommittee, and by the Congress. Aside from our general approval for the purposes of this bill, we have the following specific comments:

1. The bill, as presently drafted, is limited to annuitants whose spouses are deceased. We have at least one reported case of an annuitant who has been divorced from his wife since retirement; he, like annuitants whose spouses are deceased, continues to suffer a reduction in his annuity for a survivors annuity, although he will not be survived by a spouse entitled to receive a survivor's annuity. We

believe that divorced annuitants are as fully entitled to the relief proposed by H.R. 3661 as are widower annuitants and that the measure reported by this committee should include both. We therefore respectfully recommend that H.R. 3661 be amended by the subcommittee in the following respects:

Page 1, line 6, after the word "election", add a comma and the words "or the marriage is terminated by divorce".

Page 2, line 6, after the word "Act", insert a comma and the words "or whose marriage is terminated by divorce".

Page 2, line 14, after the word "death", at the end of the line add the words "or divorced".

2. It is our understanding that the deduction for survivors annuity is actuarially unsound in that the deduction does not cover the cost of the increased protection, and that this is slightly, although not wholly, ameliorated by the fact that deductions for survivors annuity continue even in those cases where the spouse predeceases the annuitant and no survivors annuity will ever be paid. If these premises are correct, it would seem necessary that enactment of H.R. 3661 should be accompanied by an increase in the cost of the survivors annuity now specified in 5 U.S.C., section 8339(i). Correspondence received by our member associations indicates that those who complain are proceeding on the assumption that liberalization of the retirement system in this respect can be accomplished free.

It appears to us that employee groups such as ours who urge enactment of this legislation must face reality and be prepared to recognize that it will require an increase in the cost of a survivor annuity. Our federation fully agrees to the necessity of this. On this understanding we still fully support the legislation. In our view, it could create a more equitable system in that those who continue to need the survivors annuity will pay for it, and those who no longer need it may drop it. Some annuitants will no longer have to pay for the benefits of others; each will pay for what he receives. The present obligation of an annuitant to continue to pay for a benefit no longer desired appears to be the cause of excessive and unnecessary dissatisfaction with the present retirement system, and an inequity which ought to be removed.

We also hope that the committee will look with favor on H.R. 468, the so-called widowers bill. This bill would provide equality of treatment with respect to the surviving spouses of male and female employees who die in service. At present, both male and female Federal employees can leave survivor annuities to their spouses if they die after retirement, but only the male can unrestrictedly do so, if the employee's death occurs while still in service. A female Federal employee who dies while in service cannot leave a survivor's annuity to her husband unless he was dependent on her during the year preceding her death. This distinction between a widower's survivor annuity rights, depending on whether his wife was or was not retired at the time of her death, seems to be without any logical reason. It results in capricious and irrational differences of treatment between the widowers of female Federal employees, depending on whether their wives were retired or in active service at the time of death, even though their contributions into the fund may have been equal.

We urge favorable committee consideration of both of these bills. We greatly appreciate this opportunity to express our views.

STATEMENT OF JOHN A. McCART, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES COUNCIL, AFL-CIO

Mr. Chairman and members of the subcommittee, the Government Employees Council desires to endorse the pending bill.

Thirty-four AFL-CIO unions, representing more than 1 million Federal classified, postal, and wage board employees, comprise the council. They join in commending Representative Thaddeus J. Dulski, chairman of the full House Post Office and Civil Service Committee, and you and the members of this subcommittee for your interest in correcting the retirement inequity underscored by the introduction of H.R. 3661.

The bill deals with two problems. First, there is the situation involving a retired Federal worker who accepts a reduction in pension to provide survivorship benefits for the spouse, if the annuitant predeceases. In the event the spouse dies before the annuitant, and the retired employee remarries, the second spouse has no entitlement to survivor benefits.

Second, when the original spouse dies before the retiree, the latter continues to receive a reduced annuity, even though a second spouse will receive no benefits.

When a prospective annuitant decides to provide an annuity for the survivor—55 percent of his pension—his retirement benefit is reduced by 2½ percent for the first \$3,600 and 10 percent for all above that amount.

In instances where the survivor dies before the retired workers, the reduction continues. In our view, this situation is inequitable. When the reason for the initial reduction is removed by the death of the spouse, it is logical that the reduced income the retired employee was required to accept should be removed also. The full pension should be restored to the annuitant.

The basic unfairness of the present arrangement is demonstrated by the situation where a retired worker may live as a widower for many years and still find it necessary to exist on a lower income. Moreover, when the death of the spouse precedes that of the retiree, the possibility of obtaining the benefit contemplated by the annuitant in providing the survivorship pension is terminated. Yet, the pensioner must continue to incur the reduction.

The other aspect of the injustice involves the inability of a second spouse to realize any annuity rights in the situation.

Originally, the annuitant accepted a reduction in monthly benefits to provide a very modest income to the survivor. There was no way of knowing which of the two would survive the other. Is it not logical that remarriage following the death of the original survivor should entitle the second spouse to the same benefit the worker contemplated for the first wife or husband?

In choosing a survivor annuity, a prospective retiree accepts a reduction in pension, which is not insignificant. Assuming an annuitant's pension is \$3,600 annually, \$90 must be forfeited each year to retain the survivor benefit. Once that decision has been made, it cannot be retracted. All of us are aware that the general level of pensions in this country are inadequate to meet necessary living costs. Yet, in this instance the individual pensioner must agree to the reduction with the knowledge that neither he, nor his present spouse, nor a future wife may realize any benefit from the transaction.

H.R. 3661 remedies these deficiencies. It permits a second spouse through remarriage, following the demise of the original spouse, to acquire survivorship rights. For the annuitant who does not remarry when the survivor spouse predeceases, the reduction in pension would be restored.

There is one amendment to the bill to which the subcommittee should extend favorable consideration. It involves termination of a marriage with survivor benefits by divorce. In that case, the divorced survivor is not entitled to an annuity when the retiree dies. However, the annuitant must continue to accept the reduced pension. We believe an amendment should be added to H.R. 3661 to correct this inequity. Mr. Chairman, with the addition the council has proposed, we earnestly seek early, favorable action by the subcommittee on the pending bill.

THE DISTRICT OF COLUMBIA,
Washington, D.C., August 10, 1970.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Offices and Civil Service,
U.S. House of Representatives, Washington, D.C.

DEAR MR. DULSKI: The Commissioner of the District of Columbia desires to report on H.R. 468, a bill "To amend the Civil Service Retirement Act to provide equality of treatment with respect to widows and widowers of certain employees who die in service."

The bill would revise the existing civil service retirement system to provide automatic survivor annuities for widowers of employees who die in service on the same basis as for widows. Under the current system, only widowers who prove they are "dependent" are eligible for automatic survivors' annuities. This legislation is of particular importance in the District of Columbia because of the large number of survivors of former Federal or District Government employees who now, or will in the future, reside in this city.

The U.S. Civil Service Commission, in a letter to your committee dated June 12, 1970, favored enactment of H.R. 468, with some technical amendments, for the following reasons:

1. The present provision for automatic survivor annuities reflects discrimination between the sexes. The nondependent husband does not have equal protection against economic hazard; he has no entitlement to a survivor annuity whereas the nondependent wife is awarded a survivor benefit.

2. The present provision runs counter to the facts of current day living. By and large, women work because the family needs the money, and the income earned by women is significant in the support of the family. On the principle that one purpose of a retirement system is to cushion family living standards against loss of income caused by death, it is appropriate to drop the dependency requirement for husbands of working wives.

3. The provisions for annuities to surviving spouses of deceased *annuitants* do not include a dependency test. It is inconsistent to apply such a test in the provisions for annuities to surviving spouses of deceased *employees*.

4. From a practical viewpoint, the proposed provision would be easier to administer because the dependency determinations are usually time-consuming and frequently difficult to resolve satisfactorily.

The Commissioner of the District of Columbia concurs in the comments of the U.S. Civil Service Commission and favors enactment of H.R. 468, amended as suggested by the Civil Service Commission.

The District of Columbia Council concurs in the views expressed by the Commissioner in this report.

The Office of Management and Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

Sincerely yours,

GRAHAM W. WATT,
Assistant to the Commissioner.
For WALTER E. WASHINGTON,
Commissioner.

THE FEDERAL PROFESSIONAL ASSOCIATION,
Washington, D.C., August 12, 1970.

Hon. DOMINICK V. DANIELS,
*Chairman, Subcommittee on Retirement, Insurance and Health Benefits, Committee
on Post Office and Civil Service, House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: In lieu of presenting testimony before your committee on August 4, 1970, relating to H.R. 3661, H.R. 468, and related bills, the Federal Professional Association desires to be on record in support of the purpose for amending certain sections relative to survivorship protection as provided under the civil service retirement system.

We understand that these measures provide for equality of treatment regarding survivor annuity option of a retiring employee, and also with respect to widows and widowers of certain employees who die in service.

This association pursues a policy of treating alike men and women employees in the same circumstances regarding employment, pay, and retirement and retirement benefits.

We appreciate this opportunity to make known our support of these measures.
Sincerely,

LIONEL V. MURPHY,
Executive Director and Acting Legislative Director.

